Guaranty Trust Bank Plc and Subsidiary Companies

Condensed Unaudited Group Financial Statements

September 2015

Introduction

Guaranty Trust Bank's Unaudited Consolidated Interim Financial Statements complies with the applicable legal requirements of the Nigerian Securities and Exchange Commission regarding Interim Financial Statements and comprises Separate and Consolidated Financial Statements of the Bank and the Group for the period ended 30 September 2015. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the Financial Reporting Council of Nigeria. For better understanding, certain disclosures and some prior period figures have been presented in line with the reporting periods' figures. Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Table of contents

Financial statements

Statements of financial position

As at 30 September 2015

In thousands of Nigerian Naira	***Notes***	**Group Sep-2015**	**Group Dec-2014**	**Parent Sep-2015**	**Parent Dec-2014**
Assets					
Cash and cash equivalents	18	255,106,132	246,939,868	158,065,729	161,778,647
Financial assets held for trading	19	14,699,432	9,415,919	7,067,404	5,675,545
Derivative financial assets	20	-	529,732	-	529,732
Investment securities:					
– Available for sale	21	328,361,583	344,701,935	303,703,788	317,749,878
– Held to maturity	21	27,811,736	35,160,640	3,883,397	4,511,342
Assets pledged as collateral	22	59,295,961	39,179,198	59,295,961	39,173,640
Loans and advances to banks	23	16,120	5,695,592	16,120	30,815
Loans and advances to customers	24	1,281,642,414	1,275,681,135	1,176,194,097	1,182,393,874
Investment in subsidiaries	25	-	-	41,905,781	40,130,284
Property and equipment	26	80,397,919	76,236,447	70,133,592	68,042,098
Intangible assets	27	12,793,962	12,516,219	2,376,759	2,417,700
Deferred tax assets		1,264,099	2,358,280	-	-
Restricted deposits and other assets	28	397,057,934	307,461,561	382,965,858	304,174,757
Total assets		**2,458,447,292**	**2,355,876,526**	**2,205,608,486**	**2,126,608,312**
Liabilities					
Deposits from banks	29	33,601,418	31,661,622	114,257	143,713
Deposits from customers	30	1,600,575,430	1,618,208,194	1,414,454,679	1,439,522,070
Financial liabilities held for trading	31	1,764,452	-	1,764,452	-
Derivative financial liabilities	20	-	253,374	-	253,374
Other liabilities	33	60,915,882	57,200,461	42,558,869	47,714,495
Current income tax liabilities	16	9,615,625	11,208,907	10,576,580	12,657,634
Deferred tax liabilities		5,188,127	4,391,668	5,172,190	3,955,805
Debt securities issued	32	182,889,876	167,321,207	-	-
Other borrowed funds	35	163,227,279	91,298,545	339,177,939	252,830,895
Total liabilities		**2,057,778,089**	**1,981,543,978**	**1,813,818,966**	**1,757,077,986**

Statements of financial position (Continued)
As at 30 September 2015

In thousands of Nigerian Naira	***Notes***	**Group Sep-2015**	**Group Dec-2014**	**Parent Sep-2015**	**Parent Dec-2014**
Equity					
Capital and reserves attributable to equity holders of the parent entity					
Share capital		14,715,590	14,715,590	14,715,590	14,715,590
Share premium		123,471,114	123,471,114	123,471,114	123,471,114
Treasury shares		(4,331,232)	(3,987,575)	-	-
Retained earnings		58,552,976	61,043,431	56,794,602	58,442,378
Other components of equity		202,073,488	173,410,666	196,808,214	172,901,244
		394,481,936	**368,653,226**	**391,789,520**	**369,530,326**
Non-controlling interests in equity		6,187,267	5,679,322	-	-
Total equity		**400,669,203**	**374,332,548**	**391,789,520**	**369,530,326**
Total equity and liabilities		**2,458,447,292**	**2,355,876,526**	**2,205,608,486**	**2,126,608,312**

Income statements
For the period ended 30 September 2015

In thousands of Nigerian Naira	***Notes***	**Group Sep-2015**	**Group Sep-2014**	**Parent Sep-2015**	**Parent Sep-2014**
Interest income	4	172,963,743	148,187,142	156,224,979	134,007,150
Interest expense	5	(52,833,976)	(42,851,363)	(47,229,452)	(38,111,951)
Net interest income		**120,129,767**	**105,335,779**	**108,995,527**	**95,895,199**
Loan impairment charges	6	(8,515,604)	(6,286,930)	(8,399,964)	(5,748,287)
Net interest income after loan impairment charges		**111,614,163**	**99,048,849**	**100,595,563**	**90,146,912**
Fee and commission income	7	39,657,418	38,296,047	33,739,110	33,379,828
Fee and commission expense	8	(2,120,683)	(1,499,358)	(1,848,646)	(1,243,013)
Net fee and commission income		**37,536,735**	**36,796,689**	**31,890,464**	**32,136,815**
Net gains/(losses) on financial instruments classified as held for trading	9	9,793,699	9,380,985	7,485,004	6,931,480
Other income	10	6,957,593	3,373,926	7,672,408	5,173,150
Net impairment reversal on financial assets	11	3,000	234,201	3,000	234,201
Personnel expenses	12	(21,491,430)	(20,363,793)	(15,623,461)	(15,813,946)
Operating lease expenses	13	(1,111,302)	(884,687)	(510,642)	(388,033)
Depreciation and amortization	14	(9,151,855)	(8,548,840)	(7,955,125)	(7,882,314)
Other operating expenses	15	(42,088,428)	(38,337,421)	(37,745,187)	(33,453,313)
Profit before income tax		**92,062,175**	**80,699,909**	**85,812,024**	**77,084,952**
Income tax expense	16	(16,902,131)	(13,956,711)	(14,588,045)	(12,030,412)
Profit for the period		**75,160,044**	**66,743,198**	**71,223,979**	**65,054,540**
Profit attributable to:					
Equity holders of the parent entity		74,563,978	66,273,996	71,223,979	65,054,540
Non-controlling interests		596,066	469,202	-	-
		75,160,044	**66,743,198**	**71,223,979**	**65,054,540**
Earnings per share for the profit from continuing operations attributable to the equity holders of the parent entity during the period (expressed in naira per share):					
– Basic	17	2.65	2.35	2.42	2.21
– Diluted	17	2.65	2.35	2.42	2.21

Statements of comprehensive income

For the period ended 30 September 2015

In thousands of Nigerian Naira	**Notes**	**Group Sep-2015**	**Group Sep-2014**	**Parent Sep-2015**	**Parent Sep-2014**
Profit for the period		75,160,044	66,743,198	71,223,979	65,054,540
Other comprehensive income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gains and losses		-	-	-	-
Income tax relating to actuarial gains and losses		-	-	-	-
		-	-	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation differences for foreign operations		787,494	(4,663,901)	-	-
Income tax relating to Foreign currency translation differences for foreign operations	16	(236,248)	1,399,170	-	-
Net change in fair value of available for sale financial assets		3,385,885	(1,116,573)	3,385,463	(923,306)
Income tax relating to Net change in fair value of available for sale financial assets	16	(845,814)	334,972	(845,687)	276,992
		3,091,317	(4,046,332)	2,539,776	(646,314)
Other comprehensive income for the period, net of tax		3,091,317	(4,046,332)	2,539,776	(646,314)
Total comprehensive income for the period		**78,251,361**	**62,696,866**	**73,763,755**	**64,408,226**
Total comprehensive income attributable to:					
Equity holders of the parent entity		77,676,928	62,411,165	73,763,755	64,408,226
Non-controlling interests		574,433	285,701	-	-
Total comprehensive income for the period		**78,251,361**	**62,696,866**	**73,763,755**	**64,408,226**

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Changes in Equity
September 2015
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2015	**14,715,590**	**123,471,114**	**28,540,673**	**148,413,152**	**(3,987,575)**	**127,688**	**(3,670,847)**	**61,043,431**	**368,653,226**	**5,679,322**	**374,332,548**
Total comprehensive income for the period:											
Profit for the period	-	-	-	-	-	-	-	74,563,978	74,563,978	596,066	75,160,044
Other comprehensive income, net of tax									-		
Foreign currency translation difference	-	-	-	-	-	-	644,711	-	644,711	(93,465)	551,246
Actuarial gains	-	-	-	-	-	-	-	-	-	-	-
Fair value adjustment	-	-	-	-	-	2,468,239	-	-	2,468,239	71,832	2,540,071
Total other comprehensive income	**-**	**-**	**-**	**-**	**-**	**2,468,239**	**644,711**	**-**	**3,112,950**	**(21,633)**	**3,091,317**
Total comprehensive income	-	-	-	-	-	**2,468,239**	**644,711**	**74,563,978**	**77,676,928**	**574,433**	**78,251,361**
Transactions with equity holders, recorded directly in equity:											
Transfers for the period	-	-	903,219	24,646,653	-	-	-	(25,549,872)	-	-	-
Acquisition/disposal of own shares	-	-	-	-	(343,657)	-	-	-	(343,657)	-	(343,657)
Dividend to equity holders	-	-	-	-	-	-	-	(51,504,561)	(51,504,561)	(66,488)	(51,571,049)
	-	**-**	**903,219**	**24,646,653**	**(343,657)**	-	-	**(77,054,433)**	**(51,848,218)**	**(66,488)**	**(51,914,706)**
Balance at 30 September 2015	**14,715,590**	**123,471,114**	**29,443,892**	**173,059,805**	**(4,331,232)**	**2,595,927**	**(3,026,136)**	**58,552,976**	**394,481,936**	**6,187,267**	**400,669,203**

Consolidated Statement of Changes in Equity
Sep-2014
Group

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Treasury shares	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity attributable to parent	Non-controlling interest	Total equity
Balance at 1 January 2014	14,715,590	123,471,114	17,075,575	118,309,456	(2,046,714)	3,025,907	(2,486,577)	55,205,142	327,269,493	5,083,577	332,353,070
period:											
Profit for the period	-	-	-	-	-	-	-	66,273,996	66,273,996	469,202	66,743,198
Other comprehensive income, net of tax											
Foreign currency translation difference	-	-	-	-	-	-	(3,081,230)	-	(3,081,230)	(183,501)	(3,264,731)
Actuarial gains	-	-	-	-	-	-	-	-	-	-	-
Fair value adjustment	-	-	-	-	-	(781,601)	-	-	(781,601)	-	(781,601)
Total other comprehensive income	-	-	-	-	-	**(781,601)**	**(3,081,230)**	-	(3,862,831)	**(183,501)**	**(4,046,332)**
Total comprehensive income	-	-	-	-	-	**(781,601)**	**(3,081,230)**	**66,273,996**	**62,411,165**	**285,701**	**62,696,866**
Transactions with equity holders, recorded directly in equity:											
Transfers for the period	-	-	398,763	20,459,892	-	-	-	(20,858,655)	-	-	-
Inflow from non-controlling interest	-	-	-	-	-	-	-	-	-	-	-
Acquisition/disposal of own shares	-	-	-	-	(1,940,861)	-	-	-	(1,940,861)	-	(1,940,861)
Dividends to equity holders	-	-	-	-	-	-	-	(50,033,008)	(50,033,008)	(401,788)	(50,434,796)
-controlling interest of of subsidiary acquired	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**398,763**	**20,459,892**	**(1,940,861)**	-	-	**(70,891,663)**	**(51,973,869)**	**(401,788)**	**(52,375,657)**
Balance at 30 September 2014	**14,715,590**	**123,471,114**	**17,474,338**	**138,769,348**	**(3,987,575)**	**2,244,306**	**(5,567,807)**	**50,587,475**	**337,706,789**	**4,967,490**	**342,674,279**

Statement of Changes in Equity
September 2015
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2015	**14,715,590**	**123,471,114**	**28,349,056**	**144,619,327**	**(67,139)**	**58,442,378**	**369,530,326**
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	71,223,979	71,223,979
Other comprehensive income, net of tax							
Fair value adjustment	-	-	-	-	2,539,776	-	2,539,776
Total other comprehensive income	**-**	**-**	**-**	**-**	**2,539,776**	**-**	**2,539,776**
Total comprehensive income	-	-	-	-	**2,539,776**	**71,223,979**	**73,763,755**
Transactions with equity holders, recorded directly in equity:							
Transfers for the period	-	-	-	21,367,194	-	(21,367,194)	-
Dividend to equity holders	-	-	-	-	-	(51,504,561)	(51,504,561)
	-	**-**	**-**	**21,367,194**	-	**(72,871,755)**	**(51,504,561)**
Balance at 30 September 2015	**14,715,590**	**123,471,114**	28,349,056	**165,986,521**	**2,472,637**	**56,794,602**	**391,789,520**

Statement of Changes in Equity
Sep-2014
Parent

In thousands of Nigerian Naira	Share capital	Share premium	Regulatory risk reserve	Other regulatory reserves	Fair value reserve	Retained earnings	Total equity
Balance at 1 January 2014	**14,715,590**	**123,471,114**	**16,900,397**	**116,589,846**	**2,890,617**	**55,079,117**	**329,646,681**
Total comprehensive income for the period:							
Profit for the period	-	-	-	-	-	65,054,540	65,054,540
Other comprehensive income, net of tax							
Foreign currency translation difference	-	-	-	-	-	-	-
Actuarial gains	-	-	-	-	-	-	-
Fair value adjustment	-	-	-	-	(646,314)	-	(646,314)
Total other comprehensive income	-	-	-	-	**(646,314)**	-	**(646,314)**
Total comprehensive income	-	-	-	-	**(646,314)**	**65,054,540**	**64,408,226**
Transactions with equity holders, recorded directly in equity:							
Transfers for the period	-	-	-	19,516,362	-	(19,516,362)	-
Dividends to equity holders	-	-	-	-	-	-	-
	-	**-**	**-**	**19,516,362**	-	**(19,516,362)**	**-**
Balance at 30 September 2014	**14,715,590**	**123,471,114**	**16,900,397**	**136,106,208**	**2,244,303**	**100,617,295**	**394,054,907**

Statements of cash flows

For the period ended 30 September 2015

In thousands of Nigerian Naira	***Notes***	**Group Sep-2015**	**Group Sep-2014**	**Parent Sep-2015**	**Parent Sep-2014**
Cash flows from operating activities					
Profit for the period		75,160,044	66,743,198	71,223,979	65,054,540
Adjustments for:					
Depreciation of property and equipment	14, 26	8,422,839	7,772,191	7,265,061	7,271,743
Amortisation of Intangibles		729,016	776,649	690,064	610,571
Gain on disposal of property and equipment		(76,327)	(82,280)	(70,442)	(73,547)
Impairment on financial assets		9,081,790	6,399,567	8,423,220	5,778,287
Net interest income		(120,129,767)	(105,335,779)	(108,995,527)	(95,895,199)
Foreign exchange gains	10	(6,774,304)	(1,792,401)	(6,162,113)	(1,314,959)
Fair value changes for FVTPL		(2,256)	(20,582)	(2,256)	(20,582)
Derivatives fair value changes		276,358	166,218	276,358	166,218
Dividend received		(79,390)	(62,531)	(1,437,597)	(2,415,799)
Income tax expense	16	16,902,131	13,956,711	14,588,045	12,030,412
Other non-cash items		(724)	(4,485,065)	(724)	(4,476,880)
		(16,490,590)	(15,964,104)	(14,201,932)	(13,285,195)
Changes in:					
Financial assets held for trading		(4,709,760)	(205,511)	(1,389,603)	176,935
Assets pledged as collateral		(20,116,831)	(14,064,276)	(20,122,321)	(14,065,846)
Loans and advances to banks		5,936,970	1,305,979	14,694	-
Loans and advances to customers		42,990,900	(165,474,677)	47,048,241	(152,768,164)
Other assets		(87,370,812)	(69,331,691)	(76,664,559)	(64,155,484)
Deposits from banks		1,699,969	16,028,377	(29,456)	(51,779)
Deposits from customers		(43,061,252)	137,351,220	(53,137,118)	132,101,787
Financial liabilities held for trading		1,764,452	-	1,764,452	-
Other liabilities		65,276	(14,127,203)	(9,543,605)	(17,204,365)
		(102,801,088)	(108,517,782)	(112,059,275)	(115,966,916)
Interest received		167,079,475	149,893,763	150,340,711	135,713,771
Interest paid		(52,279,987)	(39,638,001)	(46,675,462)	(34,898,590)
		(4,492,190)	(14,226,124)	(22,595,958)	(28,436,930)
Income tax paid		(17,540,945)	(14,333,501)	(16,298,401)	(12,632,976)
Net cash/(used in) provided by operating activities		**(22,033,135)**	**(28,559,625)**	**(38,894,359)**	**(41,069,906)**

Interim statements of cash flows

For the period ended 30 September 2015

In thousands of Nigerian Naira	***Notes***	**Group Sep-2015**	**Group Sep-2014**	**Parent Sep-2015**	**Parent Sep-2014**
Cash flows from investing activities					
Sale / redemption of investment securities		629,697,724	417,068,418	622,936,785	417,068,418
Purchase of investment securities		(604,469,587)	(345,798,099)	(604,469,587)	(342,482,343)
Dividends received		79,390	62,531	1,437,597	2,415,799
Purchase of property and equipment	26	(12,262,987)	(11,954,886)	(9,293,612)	(9,368,636)
Proceeds from the sale of property and equipment		(102,352)	1,230,916	136,487	133,619
Purchase of intangible assets	27	(1,087,725)	(1,074,183)	(649,124)	(806,077)
Additional investment in subsidiary		-	-	(1,775,497)	-
Net cash provided by/(used in) investing activities		11,854,463	59,534,697	8,323,049	66,960,780
Cash flows from financing activities					
Increase in debt securities issued		3,841,049	3,028,811	-	-
Repayment of long term borrowings		(17,565,971)	(3,818,594)	(3,502,237)	(2,044,803)
Increase in long term borrowings		75,244,864	-	75,244,864	-
Finance lease repayments		(588,005)	(451,116)	(588,005)	(451,116)
Purchase of treasury shares		(343,657)	(1,940,861)	-	-
Dividends paid to owners	37	(51,504,561)	(50,033,008)	(51,504,561)	(50,033,008)
Dividends paid to non-controlling interest		(66,488)	(401,788)	-	-
Net cash provided by financing activities		9,017,231	(53,616,556)	19,650,061	(52,528,927)
Net (decrease) /increase in cash and cash equivalents		(1,161,441)	(22,641,484)	(10,921,249)	(26,638,053)
Cash and cash equivalents at beginning of period		246,939,868	307,395,676	161,778,647	228,609,551
Effect of exchange rate fluctuations on cash held		9,327,704	(4,925,830)	7,208,331	1,314,960
Cash and cash equivalents at end of the period		255,106,131	279,828,362	158,065,729	203,286,458

The accompanying notes are an integral part of these financial statements

1. Reporting entity

Guaranty Trust Bank Plc ("the Bank" or "the Parent") is a company domiciled in Nigeria. The address of the Bank's registered office is Plot 635, Akin Adesola Street, Victoria Island, Lagos. These separate and consolidated financial statements, for the period ended 30 September 2015, are prepared for the Parent and the Group (Bank and its subsidiaries, separately referred to as "Group entities") respectively. The Parent and the Group are primarily involved in investment, corporate, commercial and retail banking.

2. Basis of preparation

The Consolidated and separate interim financial statements of the parent and the Group have been prepared in accordance with IAS 34 "Interim financial reporting" as issued by the IASB, the requirements of the Companies and Allied Matters Act and with the Banks and Other Financial Institutions Act.

These financial statements were authorised for issue by the directors on 21 October, 2015.

3. (a) Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. All entities within the group apply the same accounting policies.

(a) Functional and presentation currency

These Consolidated and Separate financial statements are presented in Nigerian Naira, which is the Parent's functional currency. Except where indicated, financial information presented in Naira has been rounded to the nearest thousand.

(b) Interim Financial Statements

The accompanying Statements of Financial Positions as at 30 September, 2015, the Statements of Comprehensive Income for the nine months ended 30 September, 2015, and 2014, the Statements of Changes in Equity for the nine months ended 30 September, 2015, and 2014, the Statements of Cash Flows for the nine months ended 30 September, 2015, and 2014 and the explanatory notes to the financial statements are audited and have been prepared for interim financial information. These Interim Financial Statements have been prepared in compliance with the International Financial Reporting Standards.

(c) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments which are measured at fair value.
- Non-derivative financial instruments, carried at fair value through profit or loss, are measured at fair value.
- Available-for-sale financial assets are measured at fair value through equity. However,

when the fair value of the Available-for-sale financial assets cannot be measured reliably, they are measured at cost less impairment.

- Liabilities for cash-settled share-based payment arrangements are measured at fair value.
- The liability for defined benefit obligations is recognized as the present value of the defined benefit obligation less the fair value of the plan assets.
- The plan assets for defined benefit obligations are measured at fair value.
- Assets and liabilities held for trading are measured at fair value
- Assets and Liabilities held to maturity are measured at amortised cost
- Loans and Receivables are measured at amortised cost.

(d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

(e) Changes to accounting policies

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period.

Standards and interpretations effective during the reporting period

It is important to note that no standard nor ammendment to existing standard took effect during the reporting period. Hence, there was no impact on the accounting policies, financial position or performance of the Group.

Standards and interpretations issued/amended but not yet effective

Other standards issued/amended by the IASB but yet to be effective are outlined below:

Standard	*Content*	*Effective Year*
Amendments to IFRS 11	Joint arrangements	1-Jan-16
Amendments to IAS 1	Presentation of financial statements	1-Jan-16
Amendments to IAS 27	Separate financial statements	1-Jan-16
Amendments to IFRS 7	Financial Instruments: Disclosures	1-Jul-16
Amendments to IAS 19	Employee Benefits	1-Jul-16
Amendments to IAS 34	Interim Financial Reporting	1-Jul-16
Amendments to IFRS 14	Regulatory deferral accounts	1-Jan-16
Amendments to IFRS 5	Non Current Asset Held for Sale and Discontinued Operations	1-Jul-16
Amendments to IAS 38	Intangible Assets	1-Jan-16
Amendments to IAS 41	Agriculture	1-Jan-16
Amendments to IAS 16	Property, Plant and Equipment	1-Jan-16
IFRS 15	Revenue from Contracts with Customers	1-Jan-17
IFRS 9	Financial instruments	1-Jan-18

Commentaries on these new standards/amendments are provided below.

- **Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations**
  Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:
  - apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11
  - disclose the information required by IFRS 3 and other IFRSs for business combinations.

  The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The amendments do not have any impact on the Group as it does not have interest in any joint operation.

- **Amendments to IAS 1 - Presentation of financial statements**
  Amends IAS 1 to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The Group is assessing the potential impact (if any) of these amendments on its financial statements.

- **Amendments to IAS 27 - Separate financial statements**
  Amends IAS 27 to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The Group is assessing the potential impact of these amendments on its financial statements.

- **Amendments to IFRS 7 - Financial Instruments: Disclosures**
  Amends IFRS 7 to remove the phrase ’and interim periods within those annual periods’ from paragraph 44R, clarifying that offsetting disclosures is not required in the condensed interim financial report . However, if the IFRS 7 disclosures provide a significant update to the information reported in the most recent annual report, an entity is required to include the disclosures in the condensed interim financial report.

  On servicing contract, it clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The Group is assessing the potential impact of these amendments on its financial statements.

- **Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions**
  Amends IAS 19 to clarify that high quality corporate bonds used in estimating the discount rate for post employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level). The Group is assessing the potential impact (if any) of these amendments on its financial statements.

- **Amendments to IAS 34 – Interim Financial Reporting**
  Amends IAS 34 to clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross reference between the financial statements and wherever they are included within the greater interim financial report (e.g. management commentary or risk report). The Group is assessing the potential impact (if any) of these amendments on its financial statements.

- **IAS 16 – Property, Plant and Equipment**
  Ammends IAS 16 to clarify that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Group is assessing the potential impact (if any) of these amendments on its financial statements.

- **IAS 38 – Intangible Assets**
  Ammends IAS 38 to introduce a rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate for the same reasons as stated in amendment to IAS 16 above. The amendment stated that there are limited circumstances where the rebuttable presumption can be overcome. This is when the intangible asset is expressed as a measure of income and when it can be demonstrated that revenue and consumption of economic benefits of the intangible asset are highly correlated although there are no clear details as to the admissible evidence that is

required to overcome the presumption. The Group is assessing the potential impact (if any) of these amendments on its financial statements.

- **IAS 41 – Agriculture**
  The ammendment seek to move biological assets that meet the definition of a "Bearer Plant" away from the fair value measurement approach as prescribed by IAS 41, Agriculture and bring it within the scope of IAS 16, Property, Plant and Equipment. This will enable entities to measure bearer plants at cost subsequent to initial recognition or at revaluation. The amendment also introduced an appropriate definition of a bearer plant.
  The Group does not have any operational business related to Agriculture and therefore is not in any way impacted by the standard or its ammendments. The amendments do not have any impact on the Group as it is not involved in any agriculture business.

- **IFRS 15 - Revenue from Contracts with Customers**
  IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.
  The five steps in the model are Identification of the contract with the customer, Identification of the performance obligations in the contract, Determination of the transaction price, Allocation of the transaction price to the performance obligations in the contracts, and Recognition of revenue when (or as) the entity satisfies a performance obligation. The Group is assessing the potential impact (if any) of IFRS 15 on its financial statements.

- **IFRS 14- Regulatory deferral accounts:**
  IFRS 14 is designed as a limited scope Standard to provide an interim, short-term solution for rate-regulated entities that have not yet adopted International Financial Reporting Standards (IFRS). Its purpose is to allow rate-regulated entities adopting IFRS for the first-time to avoid changes in accounting policies in respect of regulatory deferral accounts until such time as the International Accounting Standards Board (IASB) can complete its comprehensive project on rate regulated activities. This standard would not have an impact on the Group as it is not a first time preparer of IFRS financial statements. This is in addition to the fact that the regulators of the countries where we operate do not allow creation of any regulatory deferral account. The Group is assessing the potential impact (if any) of IFRS 14 on its financial statements.

- **Amendments to IFRS 5 - Non Current Asset Held for Sale and Discontinued Operations**
  Amends IFRS 5 with specific guidance on changes in disposal methods, for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases for which held for distribution accounting is discontinued. The amendment clarifies that changing from one of these disposal methods to the other should not be considered to be a new disposal plan, rather it is a continuation of the original plan. The Group is assessing the potential impact (if any) of these amendments on its financial statements.

- **IFRS 9 - Financial instruments**

  IFRS 9 is part of the IASB's project to replace IAS 39. It addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

  The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

  The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

  Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

  - The own credit risk requirements for financial liabilities.
  - Classification and measurement (C&M) requirements for financial assets.
  - C&M requirements for financial assets and financial liabilities.
  - The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

  Other standards and interpretations issued that are effective for annual periods beginning after January 1, 2016, as shown on page 58, have not been applied in preparing these financial statements and the Group is yet to assess the full impact of the amendments arising from these standards. The Group is assessing the potential impact of IFRS 9 on its financial statements.

3.(b)Other Accounting Policies

Other accounting policies that have been applied are:

(a) Consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent company's reporting date. The consolidation principles are unchanged as against the comparative period.

(i) Subsidiaries

Subsidiaries are entities controlled by the Parent. Control exists when the Parent has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Acquisition of subsidiaries

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Parent. The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The Group elects on a transaction-by-transaction basis whether to measure at the acquisition date components of non-controlling interests in the acquiree at its fair value, or at its proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by IFRS. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(ii) Structured entity

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity is consolidated if the Group is exposed, or has rights to variable returns from its involvement with the Structured Entity and has the ability to affect those returns through its power over the Structured Entity. Power is the current ability to direct the activities that significantly influence returns.

The Group established GTB Finance B.V. Netherlands as a Structured Entity to raise funds from the international financial market. Accordingly, the financial statements of GTB Finance B.V. have been consolidated.

(iii) Accounting method of consolidation

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The results of the subsidiaries acquired or disposed of during the period are included in the consolidated financial statements from the effective acquisition date and or up to the effective date on which control ceases, as appropriate. The integration of the subsidiaries into the consolidated financial statements is based on consistent accounting and valuation methods for similar transactions and other occurrences under similar circumstances.

(iv) Transactions eliminated on consolidation

Intra-group balances, income and expenses (except for foreign currency translation gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with subsidiaries, associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Profits and losses resulting from intra-group transactions are also eliminated.

(v) Non-controlling interest

The group applies IFRS 10 Consolidated Financial Statements (2011) in accounting for acquisitions of non-controlling interests. Under this accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on the proportionate amount of the net assets of the subsidiary.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and balances

Foreign currency transactions, that is transactions denominated, or that require settlement in a foreign currency, are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the year end translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement, except when deferred in equity as gains or losses from qualifying cash flow hedging instruments or qualifying net investment hedging instruments.

All foreign exchange gains and losses recognised in the Income statement are presented net in the Income statement within the corresponding item. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

In the case of changes in the fair value of monetary assets denominated in foreign currency classified as available for sale, a distinction is made between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in the carrying amount, except impairment, are recognised in equity.

(iii) Group Entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each Income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- All resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the above process are reported in shareholders' equity as 'Foreign currency translation reserve'.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to 'Other comprehensive income'. When a foreign operation is disposed of, or partially disposed of, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) Interest

Interest income and expense for all interest-earning and interest-bearing financial instruments are recognised in the income statement within "interest income" and "interest expense" using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, the next re-pricing date) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instruments but not future credit losses.

The calculation of the effective interest rate includes contractual fees paid or received , transaction costs, and discounts or premiums that are an integral part of the effective interest rate.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

Interest income and expense presented in the Income statement include:

- Interest on financial assets and liabilities measured at amortised cost calculated on an effective interest rate basis.

- Interest on financial assets measured at fair value through profit or loss calculated on an effective interest rate basis.

- Interest on financial assets measured at fair value through OCI calculated on an effective interest rate basis.

(d) Fees and commission

Fees and Commission that are integral to the effective interest rate on a financial asset are included in the measurement of the effective interest rate. Fees, such as processing and management fees charged for assessing the financial position of the borrower, evaluating and reviewing guarantee, collateral and other security, negotiation of instruments' terms, preparing and processing documentation and finalising the transaction are an integral part of the effective interest rate on a financial asset or liability and are included in the measurement of the effective interest rate of financial assets or liabilities.

Other fees and commissions which relates mainly to transaction and service fees, including loan account structuring and service fees, investment management and other fiduciary activity fees, sales commission, placement line fees, syndication fees and guarantee issuance fees are recognised as the related services are provided / performed.

(e) Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and it includes all fair value changes, dividends and foreign exchange differences.

(f) Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to derivatives held for risk management purposes that do not form part of qualifying hedge relationships.

Fair value changes on other derivatives held for risk management purposes, and other financial assets and liabilities carried at fair value through profit or loss, are presented in Other operating income – Mark to market gain/(loss) on trading investments in the Income statement.

(g) Dividend income

Dividend income is recognised when the right to receive income is established. Dividends on trading equities are reflected as a component of net trading income. Dividend income on long term equity investments is recognised as a component of other operating income.

(h) Leases

Leases are accounted for in accordance with IAS 17 and IFRIC 4. They are divided into finance leases and operating leases.

(a) **The Group is the lessee**

(i) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(ii) Finance lease

Leases, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding balance of the finance lease.

The corresponding rental obligations, net of finance charges, are included in other liabilities. The interest element of the finance cost is charged to the Income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Investment properties acquired under finance lease are measured subsequently at their fair value.

(b) **The Group is the lessor**

When assets are leased to a third party under finance lease terms, the present value of the lease income is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return.

(i) Income Tax

(a) **Current income tax**

Income tax payable is calculated on the basis of the applicable tax law in the respective

jurisdiction and it consists of Company Income Tax, Education tax and NITDEF tax.
Company Income tax is assessed at a statutory rate of 30% of total profit. Education tax is computed as 2% of assessable profit while NITDEF tax is a 1% levy on Profit before tax of the Bank.

Current income tax is recognised as an expense for the period except to the extent that current tax is related to items that are charged or credited in other comprehensive income or directly to equity. In these circumstances, deferred tax is charged or credit to other comprehensive income or to equity (for example, current tax on available-for-sale investment).

Where the Group has tax losses that can be relieved only by carrying it forward against taxable profits of future periods, a deductible temporary difference arises. Those losses carried forward are set off against deferred tax liabilities carried in the consolidated statement of financial position.

The Group evaluates positions stated in tax returns; ensuring information disclosed are in agreement with the underlying tax liability, which has been adequately provided for in the financial statements.

(b) **Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

However, the deferred income tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that they will not reverse in the foreseeable future; and
- temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised. The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised. Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in the income statement together with the deferred gain or loss.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(j) Financial assets and liabilities

(i) Recognition

The Group initially recognises loans and advances, Deposits, Debt securities issued and Subordinated liabilities on the date that the Bank becomes a party to the contract. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Classification

The classification of financial instruments depends on the purpose and management's intention for which the financial instruments were acquired and their characteristics. The Group's classification of financial assets and liabilities are in accordance with IAS 39, viz:

a) <u>Loans and Receivables</u>

The group's loans and receivable comprises loans and advances, cash and cash equivalent and other receivables.

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

When the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of an asset to the lessee, the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date ("reverse repo or stock borrowing"), the arrangement is accounted for as a loan or advance, and the underlying asset is not recognised in the Group's financial statements.
Cash and cash equivalents include notes and coins on hand, Unrestricted balances held with central banks, Balances held with other banks , Money market placements and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Cash and cash equivalents are carried at amortised cost in the Statements of financial position.

b) Available-for-sale investments

Available-for-sale investments are non-derivative investments that are not designated as another category of financial assets. Unquoted equity securities whose fair value cannot be reliably measured are carried at cost. All other available-for-sale investments are carried at fair value (see note J (iii)).

Interest income is recognised in profit or loss using the effective interest method. Dividend income is recognised in profit or loss when the Group becomes entitled to the dividend. Foreign exchange gains or losses on available-for-sale debt security investments are recognised in profit or loss.

Other fair value changes are recognised directly in other comprehensive income until the investment is sold or impaired whereupon the cumulative gains and losses previously recognised in other comprehensive income are recognised in profit or loss as a reclassification adjustment.

A non-derivative financial asset may be reclassified from the available-for-sale category to the loans and receivable category if it otherwise would have met the definition of loans and receivables and if the Group has the intention and ability to hold that financial asset for the foreseeable future or until maturity.

c) Held-to-maturity

Held-to-maturity investments are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity, and which are not designated at fair value through profit or loss or available-for-sale.

Held-to-maturity investments are carried at amortised cost using the effective interest method. A sale or reclassification of a significant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years. However, sales and reclassifications in any of the following circumstances would not trigger a reclassification:

- Sales or reclassifications that are so close to maturity that changes in the market rate of interest would not have a significant effect on the financial asset’s fair value.

- Sales or reclassifications after the Group have collected substantially all the asset’s original Principal.

- Sales or reclassification attributable to non-recurring isolated events beyond the Group’s control that could not have been reasonably anticipated.

d) Financial assets and liabilities at fair value through profit or loss

This category comprises two sub-categories: financial assets and liabilities classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition.

Financial liabilities for which the fair value option is applied are recognised in the Statements of financial position as 'Financial liabilities designated at fair value'. Fair value changes relating to financial liabilities designated at fair value through profit or loss are recognised in 'Net gains/(losses) on financial instruments designated at fair value through profit or loss'.

- **Financial assets and liabilities classified as held for trading**

  Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit.

  Trading assets and liabilities (including derivatives other than those designated as hedging instruments) are initially recognised and subsequently measured at fair value in the statement of financial position with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss.

- **Designation at fair value through profit or loss**

  The Group designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed. According to IAS 39, the fair value option is only applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or
- the financial assets consists of debt host and an embedded derivative that must be separated.

To reduce accounting mismatch, the fair value option is applied to certain loans and receivables that are hedged with credit derivatives or interest rate swaps but for which the hedge accounting conditions of IAS 39 are not fulfilled. The loans would have been otherwise accounted for at amortised cost, whereas the derivatives are measured at fair value through profit or loss.
The fair value option is also applied to investment funds that are part of a portfolio managed on a fair value basis. Furthermore, the fair value option is applied to structured instruments that include embedded derivatives.

Financial assets for which the fair value option is applied are recognised in the Statements of financial position as 'Financial assets held for trading' and 'Derivative financial assets'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains/(losses) on financial instruments classified as held for trading'.

(iii) Measurement

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction cost are expensed in the income statement.

Financial assets at fair value through profit and loss are subsequently measured at fair value. Held to maturity financial assets and Loans and receivables are subsequently measured at amortised cost using the effective interest rate. Available for sale financial assets are subsequently measured at fair value through equity except where the fair value cannot be reliably measured.

Non-trade financial liabilities are measured at amortised cost. Liabilities held for trading are measured at fair value. Subsequent recognition of financial assets and liabilities is at amortised cost or fair value.

Changes in the fair value of monetary and non monetary securities classified as available-for-sale are recognised in their comprehensive income (OCI). When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the income statements as "gains or losses from investment securities".

a) Amortised cost measurement

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

b) Fair value measurement

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges (for example, NSE, LSE) and broker quotes from Bloomberg and Reuters.

A financial instrument is regarded as quoted in an active market if it is traded in a market with sufficient frequency and volume to provide pricing information on an ongoing basis on the instrument. Otherwise, the market is to be regarded as inactive.

For financial instruments with no readily available quoted market price , fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, NIBOR, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the end of the reporting period.

The Group uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. For the purpose of disclosure, the fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

(iv) Offsetting

Financial assets and liabilities are set off and the net amount presented in the statements of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.
Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(v) De-recognition

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. Any interest in such transferred financial asset that qualify for derecognition that is created or retained by the Group is recognized as a separate asset or liability.

In certain transactions the Group retains the obligations to service the transferred financial asset for a fee. The transferred asset is derecognized if it meets the derecognition criteria. An asset or liability is recognized for the servicing contract, depending on whether the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group enters into transactions whereby it transfers assets recognized on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognized. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to repurchase transactions as the Group retains all or substantially all the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

Derecognition of a financial liability occurs only when the obligation is extinguished. A financial liability is said to be extinguished when the obligation is discharged, cancelled or expired.

(vi) Pledge of assets as collateral

Financial assets transferred to external parties that do not qualify for de-recognition (see J(v)) are reclassified in the statement of financial position from investment securities to assets pledged as collateral, if the transferee has received the right to sell or re-pledge them in the event of default from agreed terms.

Initial recognition of assets pledged as collateral is at fair value, whilst subsequent measurement is based on the classification of the financial asset. Assets pledged as collateral are either designated as available for sale or held to maturity. Where the assets pledged as collateral are designated as available for sale, subsequent measurement is at fair-value through equity. Assets pledged as collateral designated as held to maturity are measured at amortized cost.

(vii) Sale and repurchase agreements

Securities sold under repurchase agreements (‘repos’) remain on the statements of financial position; the counterparty liability is included in amounts due to other banks, deposits from banks, other deposits or deposits due to customers, as appropriate. Securities purchased under agreements to resell (reverse repos') are recorded as money market placement. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

Securities lent to counterparties are also retained in the financial statements. Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income.

(viii) Identification and measurement of impairment

(a) Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the issuer or obligor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

(iv) it becomes probable that the borrower will enter bankruptcy or other financial re-organisation;

(v) the disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio; and

(ii) national economic conditions that correlate with defaults on the assets in the portfolio.

The estimated period between a loss occurring and its identification is determined by local management for each identified portfolio. In general, the periods used vary between three months and 12 months.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (that is, on the basis of the Group's grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the Group and historical loss experience for assets with credit risk characteristics similar to those in the Group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in unemployment rates, property prices, payment status, or other factors indicative of changes in the probability of losses in the Group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Impairment charges relating to loans and advances to banks and customers are classified in loan impairment charges whilst impairment charges relating to investment securities (held to maturity category) are classified in 'Net gains/ (losses) on investment securities'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the Income statement.

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment resulting in the recognition of an impairment loss. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Income statement. Impairment losses recognised in the Income statement on equity instruments are not reversed through the Income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the Income statement.

Assets classified as available for sale are assessed for impairment in the same manner as assets carried at amortised cost.

(k) Investment securities

Investment securities are initially measured at fair value plus, in case of investment securities not at fair value through profit or loss, incremental direct transaction costs and subsequently accounted for depending on their classification as either held for trading, held-to-maturity, fair value through profit or loss or available-for-sale. See description in accounting policy Note J (ii) above

(l) Derivatives held for risk management purposes

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value with changes in fair value recognised in profit or loss.

(m) Investment in subsidiaries

Investments in subsidiaries are reported at cost less any impairment (if any) in the separate financial statement of the Bank.

(n) Property and equipment

(i) Recognition and measurement

The bank recognizes items of property, plant and equipment at the time the cost is incurred. These costs include costs incurred initially to acquire or construct an item of property, plant and equipment as well as the costs of its dismantlement, removal or restoration, the obligation for which an entity incurs as a consequence of using the item during a particular period.

Items of property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The assets' carrying values and useful lives are reviewed, and written down if appropriate, at each reporting date. Assets are impaired whenever events or changes in circumstances indicate that the carrying amount is less than the recoverable amount; see note (p) on impairment of non-financial assets.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to- day servicing of property and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis to write down the cost of each asset, to their residual values over the estimated useful lives of each part of an item of property and equipment. Leased assets under finance lease are depreciated over the shorter of the lease term and their useful lives.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

The estimated useful lives for the current and comparative periods are as follows:

Item of Property, Plant and Equipment	Estimated Useful Life
Leasehold improvements	Over the shorter of the useful life of the item or lease term
Buildings	50 years
Land	Over the remaining life of the lease
Furniture and equipment	5years
Computer hardware	3years
Motor vehicles	4years
Other transportation equipment	10years

Capital work in progress is not depreciated. Upon completion it is transferred to the relevant asset category. Depreciation methods, useful lives and residual values are reassessed at each reporting date.

Cost of land is amortised over the remaining life of the lease as stated in the certificate of occupancy issued by Government.

(iv) De-recognition

An item of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

(o) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition. When the excess is negative, it is recognised immediately in profit or loss; Goodwill on acquisition of subsidiaries is included in intangible assets.

Subsequent measurement

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified in accordance with IFRS 8. Goodwill is tested annually as well as whenever a trigger event has been observed for impairment by comparing the present value of the expected future cash flows from a cash generating unit with the carrying value of its net assets, including attributable goodwill and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Software

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. Development costs previously expensed cannot be capitalised. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The maximum useful life of software is five years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(p) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, inclusive of deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are available for use, the recoverable amount is estimated each year. However, the Group chooses the cost model measurement to reassess investment property after initial recognition i.e. depreciated cost less any accumulated impairment losses.

An impairment loss is recognised in the income statement if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(q) Deposits, debt securities issued

Deposits and debt securities issued are the Group's sources of debt funding. When the Group sells a financial asset and simultaneously enters into a "repo" or "stock lending" agreement to repurchase the asset (or a similar asset) at a fixed price on a future date, the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits and debt securities issued are initially measured at fair value plus transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the Group chooses to carry the liabilities at fair value through profit or loss.

(r) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. The Group recognizes no provision for future operating losses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(s) Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee liabilities are initially recognised at their fair value, and the initial fair value is amortised over the life of the financial guarantee. The guarantee liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment (when a payment under the guarantee has become probable). Financial guarantees, principally consisting of letters of credit are included within other liabilities.

(t) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension fund administrators (PFA) on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the Statements of Comprehensive Income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Defined benefit plans

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors, such as age, years of service and compensation.

The liability recognised in the Statements of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the date of the Statements of financial position less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. In determining the appropriate discount rate, the Group considers the market yields on Government Bonds of medium duration as compiled by the Debt Management Organisation.

Remeasurements arising from experience adjustments and changes in actuarial assumptions in excess of the plan assets or of the defined benefit obligation are charged or credited to Other Comprehensive Income in the financial year in which they arise. Past-service costs are recognised immediately in the Income statement.

(iii)Termination Benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv)Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profitsharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(v) Share-based payment transactions

The Bank operates a cash-settled share based compensation plan (i.e. share appreciation rights - SARs) for its management personnel. The management personnel are entitled to the share appreciation rights at a pre-determined price, usually market price, after spending ten years in the Bank.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

(u) Discontinued operations

The Group presents discontinued operations in a separate line in the Income statement if an entity or a component of an entity has been disposed of or is classified as held for sale and:

(a) Represents a separate major line of business or geographical area of operations;
(b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) Is a subsidiary acquired exclusively with a view to resale

Net profit from discontinued operations includes the net total of operating profit and loss before tax from operations, including net gain or loss on sale before tax or measurement to fair value less costs to sell and discontinued operations tax expense. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group´s operations and cash flows. If an entity or a component of an entity is classified as a discontinued operation, the Group restates prior periods in the Income statement.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets.

(v) Share capital and reserves

(i) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instrument.

(ii) Dividend on the Bank's ordinary shares

Dividends on the Bank's ordinary shares are recognised in equity when approved by the Bank's shareholders.

(iii)Treasury shares

Where the Bank or any member of the Group purchases the Bank's shares, the consideration paid is deducted from shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(w) Earnings per share

The Group presents Basic Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for effects of all dilutive potential ordinary shares.

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it can earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Executive Management Committee to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available. All costs that are directly traceable to the operating segments are allocated to the segment concerned, while indirect cost are allocated based on the benefits derived from such costs.

Accounting classification measurement basis and fair values (continued)

Financial instruments at fair value (including those held for trading, designated at fair value, derivatives and available-for -sale) are either priced with reference to a quoted market price for that instrument or by using a valuation model. Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial markets pricing models. Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves, equities and prices.

4 Interest income

In thousands of Nigerian Naira	Group Sep-2015	Group Sep-2014	Parent Sep-2015	Parent Sep-2014
Loans and advances to banks	175,207	136,539	1,403	4,368
Loans and advances to customers	122,029,433	101,872,437	110,943,939	92,779,464
	122,204,640	102,008,976	110,945,342	92,783,832
Cash and cash equivalents	3,241,423	3,744,666	2,236,387	3,384,716
Financial assets held for trading	1,995,033	1,941,087	1,297,175	1,306,281
Investment securities:				
– Available for sale	36,739,486	29,606,168	35,368,481	28,930,731
– Held to maturity	2,827,375	7,224,586	421,808	3,939,931
Assets pledged as collateral	5,955,786	3,661,659	5,955,786	3,661,659
	172,963,743	148,187,142	156,224,979	134,007,150

Geographical location

Interest income earned in Nigeria	155,782,584	133,701,737	155,877,553	133,748,525
Interest income earned outside Nigeria	17,181,159	14,485,405	347,426	258,625
	172,963,743	148,187,142	156,224,979	134,007,150

5 Interest expense

In thousands of Nigerian Naira	Group Sep-2015	Group Sep-2014	Parent Sep-2015	Parent Sep-2014
Deposit from banks	231,137	175,719	20,712	54,996
Deposit from customers	39,178,685	31,373,944	33,873,288	26,788,752
	39,409,822	31,549,663	33,894,000	26,843,748
Financial liabilities held for trading	497,187	-	445,647	-
Other borrowed funds	3,435,416	2,150,591	12,889,805	9,938,899
Debt securities	9,491,551	9,151,109	-	1,329,304
Total interest expense	52,833,976	42,851,363	47,229,452	38,111,951
Geographical location				
Interest expense paid in Nigeria	39,128,006	28,670,534	39,129,314	28,694,789
Interest expense paid outside Nigeria	13,705,970	14,180,829	8,100,138	9,417,162
	52,833,976	42,851,363	47,229,452	38,111,951

6 Loan impairment charges

In thousands of Nigerian Naira	Group Sep-2015	Group Sep-2014	Parent Sep-2015	Parent Sep-2014
Collective impairment	2,134,251	(764,849)	1,651,650	(923,482)
Specific impairment	6,950,539	7,134,416	6,774,570	6,671,769
Income received on claims previously written off	(569,186)	(82,637)	(26,256)	-
	8,515,604	**6,286,930**	**8,399,964**	**5,748,287**

7 Fee and commission income

In thousands of Nigerian Naira	Group Sep-2015	Group Sep-2014	Parent Sep-2015	Parent Sep-2014
Credit related fees and commissions	8,630,997	10,917,882	6,706,134	9,275,317
Commission on turnover	8,387,327	10,253,734	7,539,417	9,690,667
Corporate finance fees	857,623	1,170,002	857,623	1,170,002
Commission on foreign exchange deals	2,560,088	3,043,970	2,207,444	2,843,921
Income from financial guarantee contracts issued	3,015,240	4,409,083	2,926,722	4,321,573
Other fees and commissions	16,206,143	8,501,376	13,501,770	6,078,348
	39,657,418	38,296,047	33,739,110	33,379,828

8 Fee and commission expense

In thousands of Nigerian Naira	Group Sep-2015	Group Sep-2014	Parent Sep-2015	Parent Sep-2014
Bank charges	1,141,290	788,173	1,018,397	730,016
Other fees and commission expense[1]	979,393	711,185	830,249	512,997
	2,120,683	1,499,358	1,848,646	1,243,013

[1] Largely comprises of loan recovery expenses

9 Net gains/(losses) on financial instruments classified as held for trading

In thousands of Nigerian Naira	Group Sep-2015	Group Sep-2014	Parent Sep-2015	Parent Sep-2014
Bonds trading	(366,437)	91,719	(366,437)	91,719
Treasury bills trading	614,215	1,649,933	614,215	1,650,180
Foreign exchange	9,545,921	7,639,333	7,237,226	5,189,581
Net trading income	9,793,699	9,380,985	7,485,004	6,931,480

10 Other income

In thousands of Nigerian Naira	Group Sep-2015	Group Sep-2014	Parent Sep-2015	Parent Sep-2014
Mark to market gains on trading investments	2,256	20,582	2,256	20,582
Foreign exchange gain/(loss)	6,774,304	1,792,401	6,162,113	1,314,959
Gain on disposal of fixed assets	76,327	82,280	70,442	73,547
Net portfolio (loss)/gain on SMEEIS investments	-	1,348,263	-	1,348,263
Dividends income	79,390	62,531	1,437,597	2,415,799
Other income	25,316	67,869	-	-
	6,957,593	3,373,926	7,672,408	5,173,150

11 Net impairment reversal on other financial assets

In thousands of Nigerian Naira	Group Sep-2015	Group Sep-2014	Parent Sep-2015	Parent Sep-2014
Other assets balances written off during the year as uncoll	-	30,000	-	30,000
Reversal of specific impairment for equities	-	(264,201)	-	(264,201)
Provision no longer required	(3,000)	-	(3,000)	-
	(3,000)	(234,201)	(3,000)	(234,201)

12 Personnel expenses

(a)

In thousands of Nigerian Naira	Note	Group Sep-2015	Group Sep-2014	Parent Sep-2015	Parent Sep-2014
Wages and salaries		19,701,157	19,505,801	15,114,752	15,295,681
Contributions to defined contribution plans		630,684	626,085	508,709	518,265
Cash-settled share-based payments		1,051,321	137,267	-	-
Other staff cost		108,268	94,640	-	-
		21,491,430	20,363,793	15,623,461	15,813,946

13 Operating lease expense

In thousands of Nigerian Naira	Group Sep-2015	Group Sep-2014	Parent Sep-2015	Parent Sep-2014
Operating lease expense	1,111,302	884,687	510,642	388,033
	1,111,302	884,687	510,642	388,033

14 Depreciation and amortisation

In thousands of Nigerian Naira	Group Sep-2015	Group Sep-2014	Parent Sep-2015	Parent Sep-2014
Amortisation of intangible assets (see note 27)	729,016	776,649	690,064	610,571
Depreciation of property, plant and equipment (see note 26)	8,422,839	7,772,191	7,265,061	7,271,743
	9,151,855	8,548,840	7,955,125	7,882,314

15 Other operating expenses

In thousands of Nigerian Naira	Group Sep-2015	Group Sep-2014	Parent Sep-2015	Parent Sep-2014
Finance costs	127,858	137,395	127,858	137,395
Deposit insurance premium	4,545,264	3,731,230	4,501,011	3,731,230
Other insurance premium	297,457	472,755	161,732	359,087
Auditors' remuneration[1]	365,239	321,967	266,121	232,500
Professional fees and other consulting costs	613,718	600,641	496,517	514,249
AMCON expenses	7,989,977	7,086,134	7,989,977	7,086,134
Stationery and postage	1,549,169	1,817,548	1,319,115	1,639,970
Business travel expenses	456,315	647,602	344,611	526,219
Advert, promotion and corporate gifts	4,655,603	3,680,337	4,335,816	3,377,434
Repairs and maintenance	3,695,797	2,897,453	3,205,782	2,546,532
Occupancy costs	4,214,913	2,648,453	3,608,891	2,103,182
Directors' emoluments	421,470	391,476	204,906	192,429
Contract services	5,667,092	5,299,175	5,151,360	4,896,256
Others[2]	7,488,556	8,605,255	6,031,490	6,110,696
	42,088,428	38,337,421	37,745,187	33,453,313

[1] Auditor's remuneration represents fees for 9 months accrual.

[2] Included in others are communication expenditures, training, transportation and allowances paid to Interns.

16 Income tax expense

recognised in the Income statement

In thousands of Nigerian Naira	**Group Sep-2015**	**Group Sep-2014**	**Parent Sep-2015**	**Parent Sep-2014**
Current tax expense:				
Company income tax	10,941,991	10,310,197	9,216,955	8,383,898
Education Tax	767,605	641,857	767,605	641,857
NITDA Levy	592,021	510,834	592,021	510,834
Prior year's under provision (dividend tax)	3,640,766	-	3,640,766	-
	15,942,383	11,462,888	14,217,347	9,536,589
Deferred tax expense:				
Origination of temporary differences	959,748	2,493,823	370,698	2,493,823
	16,902,131	13,956,711	14,588,045	12,030,412

Income tax recognised in other comprehensive income

In thousands of Nigerian Naira	**Group Sep-2015**	**Group Sep-2014**	**Parent Sep-2015**	**Parent Sep-2014**
Income tax relating to actuarial gains and losses	-	-	-	-
Income tax relating to Foreign currency translation differences for foreign operations	236,248	(1,399,170)	-	-
Income tax relating to Net change in fair value of available for sale financial assets	845,814	(334,972)	845,687	(276,992)
	1,082,062	(1,734,142)	845,687	(276,992)

(b) *Current income tax payable*

The movement on the current income tax payable account during the period was as follows:

In thousands of Nigerian Naira	**Group Sep-2015**	**Group Dec-2014**	**Parent Sep-2015**	**Parent Dec-2014**
Balance, beginning of the period	11,208,907	13,073,847	12,657,634	12,632,975
Exchange difference on translation	5,280	(101,218)	-	-
Charge for the period	12,301,617	16,483,642	10,576,582	15,772,894
Payments during the period	(17,540,945)	(15,132,105)	(16,298,402)	(12,632,976)
Prior year under-provision (dividend tax)	3,640,766	-	3,640,766	-
Reversal of prior year charge	-	(3,115,259)	-	(3,115,259)
Balance, end of the period	9,615,625	11,208,907	10,576,580	12,657,634

17 Basic and Diluted earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the company and held as treasury shares.

The calculation of basic earnings per share for the reporting period was based on the profit atttributable to ordinary shareholders of N74,563,978,000 and a weighted average number of ordinary shares outstanding of 28,190,505,000 and it is calculated as follows:

Profit attributable to ordinary shareholders

In thousands of Nigerian Naira	**Group Sep-2015**	**Group Sep-2014**
Net profit attributable to equity holders of the Company	74,563,978	66,273,996
Interest expense on convertible debt (net of tax)	-	-
Net profit used to determine diluted earnings per share	74,563,978	66,273,996

Number of ordinary shares

In thousands of shares	**Group Sep-2015**	**Group Sep-2014**
Weighted average number of ordinary shares in issue	28,190,505	28,190,505
Basic earnings per share (expressed in naira per share)	2.65	2.35

The Group does not have any dilutive potential ordinary shares. Therefore, Basic EPS and Diluted EPS for continuing operations are the same for the Group.

Weighted average number of ordinary shares in issue	28,190,505	28,190,505
Adjustment for:		
-Bonus element on conversion of convertible debt	-	-
-Share options	-	-
Weighted average number of ordinary shares for diluted earnings per share	28,190,505	28,190,505
Diluted earnings per share (expressed in naira per share)	2.65	2.35

18 Cash and cash equivalents

(a)

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Cash in hand	40,098,038	33,115,429	28,408,495	24,916,435
Balances held with other banks	74,597,936	91,993,886	76,545,227	42,561,912
Unrestricted balances with central banks	16,783,136	33,346,313	7,029,004	19,823,983
Money market placements	123,627,022	88,484,240	46,083,003	74,476,317
	255,106,132	246,939,868	158,065,729	161,778,647

(b) Cash and cash equivalents in statement of cash flows includes:

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Cash and cash equivalents of continuing operations	255,106,132	246,939,868	158,065,729	161,778,647
Cash and cash equivalents classified as held for sale	-	-	-	-
	255,106,132	246,939,868	158,065,729	161,778,647

19 Financial assets held for trading

(a)

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Trading bonds	919,466	60,413	919,466	60,413
Trading treasury bills	13,779,966	9,355,506	6,147,938	5,615,132
	14,699,432	9,415,919	7,067,404	5,675,545

20 Derivative financial instruments

(a) **Group**

Sep-2015

In thousands of Nigerian Naira	Notional Contract Amount	Fair Value Assets	Fair Value Liability
Foreign Exchange Derivatives:			
Foreign exchange forward	-	-	-
Currency swaps	-	-	-
Derivative assets/(liabilities)	-	-	-

Group
Dec-2014

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	15,355,045	529,732	(253,374)
Currency swaps	-	-	-
Derivative assets/(liabilities)	15,355,045	529,732	(253,374)

Parent
Sep-2015

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	-	-	-
Currency swaps	-	-	-
Derivative assets/(liabilities)	-	-	-

Parent
Dec-2014

In thousands of Nigerian Naira	**Notional Contract Amount**	**Fair Value Assets**	**Fair Value Liability**
Foreign Exchange Derivatives:			
Foreign exchange forward	15,355,045	529,732	(253,374)
Currency swaps	-	-	-
Derivative assets/(liabilities)	15,355,045	529,732	(253,374)

(b) All derivatives are settled in less than one year.

(c) Foreign exchange derivatives

The Group enters into forward foreign exchange contracts and currency swaps designated as held for trading. A forward foreign exchange contract is an agreement by two counterparties to exchange currencies at a pre-determined rate on some future date. No funds change hands when a typical forward foreign exchange contract originates; a funds flow occurs only at the contract's stated future delivery time. A currency swap is the simultaneous spot sale (or purchase) of currency against a forward purchase (or sale) of approximately an equal amount. In a swap contract, there is an exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

The Group's foreign exchange derivatives do not qualify for hedge accounting; therefore all gains and losses from changes in their fair values are recognised immediately in the income statement and are reported in 'Net gains/(losses) on financial instruments classified as held for trading'.

21 Investment securities

(a) *In thousands of Nigerian Naira*	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
(i) **Available for sale investment securities**				
Treasury bills	307,574,127	333,674,447	282,921,431	308,359,706
Bonds	10,937,734	1,632,153	10,937,734	-
Corporate bond	5,629,525	5,744,582	5,629,525	5,744,582
Equity securities at fair value (See note 21(a)(ii) below	4,114,950	3,609,554	4,114,950	3,609,554
Unquoted equity securities at cost (see note 21(c) below)	3,560,225	3,499,177	3,555,126	3,494,014
	331,816,561	348,159,913	307,158,766	321,207,856
Specific impairment for equities (see note 21(b) below)	(3,454,978)	(3,457,978)	(3,454,978)	(3,457,978)
Total available for sale investment securities	**328,361,583**	**344,701,935**	**303,703,788**	**317,749,878**
Held to maturity investment securities				
Bonds	10,625,155	11,257,110	3,105,288	3,000,000
Treasury bills	14,658,558	22,392,188	-	-
Corporate bond (See note 21(a)(iii) below	2,528,023	1,511,342	778,109	1,511,342
Total held to maturity investment securities	**27,811,736**	**35,160,640**	**3,883,397**	**4,511,342**
Total investment securities	**356,173,319**	**379,862,575**	**307,587,185**	**322,261,220**

(ii) Unquoted equity securities at fair value is analysed below:

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
SMEEIS investment:				
- Sokoa Chair Centre	95,531	95,531	95,531	95,531
- Iscare Nigeria Ltd	75,990	73,256	75,990	73,256
- Central Securities Clearing System	111,345	104,658	111,345	104,658
- 3 Peat Investment Ltd	1,016,066	1,023,057	1,016,066	1,023,057
- CRC Credit Bureau	-	115,752	-	115,752
	1,298,932	**1,412,254**	**1,298,932**	**1,412,254**
Other unquoted equity investment:				
- Unified Payment Services Limited[1]	174,573	144,432	174,573	144,432
- Nigeria Automated Clearing Systems	294,637	288,549	294,637	288,549
- Afrexim	391,942	224,319	391,942	224,319
- Africa Finance Corporation	1,954,866	1,540,000	1,954,866	1,540,000
	2,816,018	**2,197,300**	**2,816,018**	**2,197,300**
Total fair value of equity securities	**4,114,950**	**3,609,554**	**4,114,950**	**3,609,554**

[1] Unified Payment Services Limited was formerly known as Valucard Nigeria Plc.

(iii) The amount represents amortised cost of the Bank's investment in 5 year 12% Fixed Rate Senior Unsecured Bonds issued by Flour Mills of Nigeria Plc to the Bank. The face value of the investment was N750,000,000 (December 2014: N1,500,000,000)

(b) Specific impairment for equities

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Balance at 1 January	3,457,978	3,214,163	3,457,978	3,214,163
- Charge for the period	-	508,016	-	508,016
- Reversals	(3,000)	(264,201)	(3,000)	(264,201)
Balance, end of the period	3,454,978	3,457,978	3,454,978	3,457,978

The Bank would only loose cost of investment if decline in value is considered significant or prolonged.

Specific impairment for equities is further analysed below:

In thousands of Nigerian Naira	**Group Sep-2015**	**Group Dec-2014**	**Parent Sep-2015**	**Parent Dec-2014**
Specific impairment on equity securities at fair value	508,016	508,016	508,016	508,016
Specific impairment on equity securities at cost	2,946,962	2,949,962	2,946,962	2,949,962
	3,454,978	**3,457,978**	**3,454,978**	**3,457,978**

(c) Unquoted equity securities at cost relates to the banks investment in SMEEIS and equity investments:

Unquoted equity securities is analysed below:

In thousands of Nigerian Naira	**Group Sep-2015**	**Group Dec-2014**	**Parent Sep-2015**	**Parent Dec-2014**
SMEEIS investment:				
- Forrilon Translantic Ltd	1,080,851	1,080,851	1,080,851	1,080,851
- TerraKulture ltd	469,999	469,999	469,999	469,999
- Ruqayya Integrated Farms	40,500	40,500	40,500	40,500
- National E-Government Strategy	25,000	25,000	25,000	25,000
- Bookcraft Ltd	20,000	20,000	20,000	20,000
- Shonga F.H. Nigeria Ltd	200,000	200,000	200,000	200,000
- Safe Nigeria Ltd	350,000	350,000	350,000	350,000
- CRC Credit Bureau	61,112	-	61,112	-
- Cards Technology Limited	265,000	265,000	265,000	265,000
- Thisday Events Center	500,000	500,000	500,000	500,000
- HITV Limited	500,000	500,000	500,000	500,000
- SCC Algon Ltd	42,664	42,664	42,664	42,664
Cost of SMIEES investment	3,555,126	3,494,014	3,555,126	3,494,014
Less specific impairment for equities	(2,946,962)	(2,949,962)	(2,946,962)	(2,949,962)
Carrying value of SMIEES investment	**608,164**	**544,052**	**608,164**	**544,052**
Other unquoted equity investment:				
- GIM UEMOA	5,099	5,163	-	-
Cost of other unquoted equity investment	**5,099**	**5,163**	**-**	**-**
Less specific impairment for equities	-	-	-	-
Carrying value of other unquoted equity investment	**5,099**	**5,163**	**-**	**-**
Total cost of unquoted equity investment	**3,560,225**	**3,499,177**	**3,555,126**	**3,494,014**
Total impairment of unquoted equity investment	(2,946,962)	(2,949,962)	(2,946,962)	(2,949,962)
Total carrying value of unquoted equity investment	**613,263**	**549,215**	**608,164**	**544,052**

Movement in unquoted equities at cost:

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Balance at 1 January	549,215	79,100	544,052	74,053
- Exchange difference	(64)	116		-
- Disposal	-	(264,201)	-	(264,201)
- Reversal of impairment	3,000	264,201	3,000	264,201
- Transfer from equity investments at fair value	61,112	469,999	61,112	469,999
Balance, end of the period	613,263	549,215	608,164	544,052

Fair values of certain SMEEIS and Other long term investments which are borne out of regulatory requirement in force as at the time of investment cannot be measured reliably because there are no active market for these financial instruments; they have therefore been disclosed at cost less impairment..

Their impairment was based on the observable data from the environment which suggests that the recoverable amount will be much lower than the carrying value of these investments; hence, they are carried at cost less impairment and included in Level 3 of the Fair Value hierarchy table. The outstanding carrying amount on the book for these investments as at 30th September 2015 is N608,164,000 (December 2014: N544,052,000).

The Group is willing to divest from these entities if willing buyers come across and upon obtaining appropriate regulatory approvals since the regulation that led to their creation has been abolished.

The Group does not have power to influence the returns from the investees. Consequently, the Group is of the opinion that it does not have power over the investees investments because of the following:

• There are no material transactions between the Group and the entities and it does not participate in the policy making processes owing to the nature of these entities.

• The Group does not provide essential technical information to the entities.

• There is no inter-change of personnel between the Group and the entities.

• Although the Group is represented in some of the boards, these representations do not connote any form of control or significant influence because most of the entities do not hold regular board meetings and are run like sole proprietorship businesses.

22 Assets pledged as collateral

(a)

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Financial assets held for trading	**-**	**5,558**	**-**	**-**
- Treasury bills	-	5,558	-	-
Investment Securities - available for sale	**59,295,961**	**39,173,640**	**59,295,961**	**39,173,640**
- Treasury bills	59,295,961	39,173,640	59,295,961	39,173,640
	59,295,961	39,179,198	59,295,961	39,173,640

23 Loans and advances to banks

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Loans and advances to banks	16,142	5,695,613	16,142	30,836
Less specific allowances for impairment	-	-	-	-
Less collective allowances for impairment	(22)	(21)	(22)	(21)
	16,120	5,695,592	16,120	30,815

19 Loans and advances to customers

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Loans	987,343,234	1,003,119,586	909,612,755	953,822,260
Overdraft	205,822,638	167,141,903	177,957,259	134,251,256
Others	76,114,929	94,731,211	78,652,868	87,762,518
Performing Loans	**1,269,280,801**	**1,264,992,700**	**1,166,222,882**	**1,175,836,034**
Non-Performing Loans	41,471,073	41,308,686	34,984,420	32,616,011
Gross Loans	**1,310,751,874**	**1,306,301,386**	**1,201,207,302**	**1,208,452,045**
Specific Impairment	(19,062,326)	(22,472,700)	(16,165,419)	(18,549,680)
Collective Impairment	(10,047,134)	(8,147,551)	(8,847,786)	(7,508,491)
Total Impairment	**(29,109,460)**	**(30,620,251)**	**(25,013,205)**	**(26,058,171)**
Net Loans	**1,281,642,414**	**1,275,681,135**	**1,176,194,097**	**1,182,393,874**

25 Investment in subsidiaries

(a) Investment in subsidiaries comprises:

In thousands of Nigerian Naira	Parent Sep-2015	Parent Dec-2014
GTB Gambia	574,278	574,278
GTB Sierra Leone	594,109	594,109
GTB Ghana	8,572,446	8,572,446
GTB Finance B.V.	3,220	3,220
GTB UK Limited	9,597,924	7,822,427
GTB Liberia Limited	1,947,264	1,947,264
GTB Cote D'Ivoire Limited	3,485,058	3,485,058
GTB Kenya Limited	17,131,482	17,131,482
	41,905,781	40,130,284

(a) (i) The movement in investment in subsidiaries during the year is as follows:

In thousands of Nigerian Naira	Parent Sep-2015	Parent Dec-2014
Balance, beginning of the period	40,130,284	40,130,284
Disposal during the period	-	-
Additions during the period	1,775,497	-
Balance, end of the period	41,905,781	40,130,284

(a) (ii) Additions during the period relate to additional investment in GTB UK Limited in the sum of N1,775,497,000

Condensed results of consolidated entities

(a) Condensed results of the consolidated entities as at 30 September 2015, are as follows:

Full year profit and loss
Sep-2015

In thousands of Nigerian Naira	***Group balance***	***Elimination Entries***	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Operating income	174,420,794	(1,358,204)	156,046,403	(92,860)	-	6,914,101	2,882,405	1,332,632	1,713,320	1,677,069	237,932	5,067,996
Operating expenses	(73,843,015)	-	(61,834,415)	319,656	-	(2,887,084)	(1,421,358)	(919,138)	(1,639,241)	(906,665)	(517,972)	(4,036,798)
Loan impairment charges	(8,515,604)	-	(8,399,964)	-	-	18,416	(31,409)	(53,294)	-	11,922	-	(61,275)
Profit before tax from continuing operations	92,062,175	(1,358,204)	85,812,024	226,796	-	4,045,433	1,429,638	360,200	74,079	782,326	(280,040)	969,923
Taxation	(16,902,131)	(1)	(14,588,045)	-	-	(1,291,825)	(428,891)	(7,205)	-	(250,345)	-	(335,819)
Profit after tax	75,160,044	(1,358,205)	71,223,979	226,796	-	2,753,608	1,000,747	352,995	74,079	531,981	(280,040)	634,104

Condensed financial position

Sep-2015

In thousands of Nigerian Naira	**Group balance**	***Elimination Entries***	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Assets												
Cash and cash equivalents	255,106,132	(18,104,111)	158,065,729	52,476	-	18,940,766	9,309,152	6,807,286	59,378,343	5,008,258	1,268,985	14,379,248
Loans and advances to banks	16,120	-	16,120	-	-	-	-	-	-	-	-	-
Loans and advances to customers	1,281,642,414	(185,059,929)	1,176,194,097	-	183,162,355	31,911,428	8,056,734	6,441,879	17,207,863	4,667,858	1,511,941	37,548,188
Financial assets held for trading	14,699,432	-	7,067,404	-	-	-	-	-	-	7,632,028	-	-
Derivative financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Investment securities:												
– Available for sale	328,361,583	(4,331,232)	303,703,788	4,331,232	-	-	7,676,390	-	10,287,424	-	5,099	6,688,882
– Held to maturity	27,811,736	-	3,883,397	-	-	8,819,112	-	1,869,913	-	1,749,914	1,716,769	9,772,631
Investment in subsidiaries	-	(41,905,781)	41,905,781	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	59,295,961	-	59,295,961	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment	80,397,919	(2)	70,133,592	-	-	1,562,011	1,164,602	2,398,589	413,678	1,499,229	766,223	2,459,997
Intangible assets	12,793,962	8,605,985	2,376,759	-	-	245,631	239	291,917	49,079	14,553	74,357	1,135,442
Deferred tax assets	1,264,099	1,264,099	-	-	-	-	-	-	-	-	-	-
Restricted deposits and other assets	397,057,934	(164,431)	382,965,858	-	-	5,541,959	675,887	2,397,802	657,360	481,982	303,930	4,197,587
Total assets	2,458,447,292	(239,695,402)	2,205,608,486	4,383,708	183,162,355	67,020,907	26,883,004	20,207,386	87,993,747	21,053,822	5,647,304	76,181,975
Financed by:												
Deposits from banks	33,601,418	(18,078,297)	114,257	-	-	2,724,767	-	-	39,038,108	1,598,875	266	8,203,442
Deposits from customers	1,600,575,430	(25,813)	1,414,454,679	-	-	47,745,757	20,990,166	11,812,172	38,132,738	13,354,202	3,212,811	50,898,718
Financial liabilities held for trading	1,764,452	-	1,764,452	-	-	-	-	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities issued	182,889,876	-	-	-	182,521,992	-	-	-	-	-	-	367,884
Current income tax liabilities	9,615,625	(1,848,009)	10,576,580	-	-	34,767	429,878	-	-	75,064	-	347,345
Deferred tax liabilities	5,188,127	1	5,172,190	-	-	38,482	-	-	-	(154,815)	-	132,269
Other liabilities	60,915,882	(164,443)	42,558,869	8,680,767	-	858,399	1,679,069	473,784	1,523,141	3,520,498	309,369	1,476,429
Other borrowed funds	163,227,279	(185,059,931)	339,177,939	2,537,939	-	3,518,383	-	2,886,225	-	-	-	166,724
Total liabilities	2,057,778,089	(205,176,492)	1,813,818,966	11,218,706	182,521,992	54,920,555	23,099,113	15,172,181	78,693,987	18,393,824	3,522,446	61,592,811
Equity and reserve	400,669,203	(34,518,910)	391,789,520	(6,834,998)	640,363	12,100,352	3,783,891	5,035,205	9,299,760	2,659,998	2,124,858	14,589,164
	2,458,447,292	(239,695,402)	2,205,608,486	4,383,708	183,162,355	67,020,907	26,883,004	20,207,386	87,993,747	21,053,822	5,647,304	76,181,975

Condensed cash flow
Sep-2015

In thousands of Nigerian Naira	Group balance	Elimination Entries	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Net cash flow:												
- from operating activities	(22,033,134)	18,146,644	(38,894,359)	825,376	(3,843,364)	(6,033,263)	941,424	53,846	13,273,128	5,023,770	(178,293)	(11,348,043)
- from investing activities	11,854,463	956,884	8,323,049	(343,657)	-	1,076,899	(1,412,314)	(1,896,553)	(3,284,872)	(1,966,022)	352,242	10,048,807
- from financing activities	9,017,231	(14,747,862)	19,650,061	(459,223)	3,843,364	215,897	(583,600)	2,886,225	(1,808,517)	-	-	20,886
Increase in cash and cash equivalents	(1,161,440)	4,355,666	(10,921,249)	22,496	-	(4,740,467)	(1,054,490)	1,043,518	8,179,739	3,057,748	173,949	(1,278,350)
Cash balance, beginning of period	246,939,868	(23,990,252)	161,778,647	29,980	-	25,623,215	9,424,019	5,483,177	48,999,881	1,766,819	1,096,172	16,728,210
Effect of exchange difference	9,327,704	1,530,477	7,208,331	-	-	(1,941,983)	939,623	280,591	2,198,722	183,691	(1,136)	(1,070,612)
Cash balance, end of period	255,106,132	(18,104,109)	158,065,729	52,476	-	18,940,765	9,309,152	6,807,286	59,378,342	5,008,258	1,268,985	14,379,248

(c) Condensed results of the consolidated entities as at 30 September 2014, are as follows:

Sep-2014

In thousands of Nigerian Naira	**Group balance**	**Elimination Entries**	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Condensed profit and loss												
Operating income	155,121,580	(2,353,267)	140,370,845	(46,969)	-	6,971,003	2,183,815	990,304	1,394,342	1,286,576	154,074	4,170,857
Operating expenses	(68,134,741)	(1)	(57,537,606)	(137,267)	-	(2,827,140)	(1,128,380)	(736,369)	(1,404,903)	(728,761)	(476,880)	(3,157,434)
Loan impairment charges	(6,286,930)	(1)	(5,748,287)	-	-	(243,011)	(89,330)	(9,424)	-	(8,342)	-	(188,535)
Profit before tax from continuing operations	80,699,909	(2,353,269)	77,084,952	(184,236)	-	3,900,852	966,105	244,511	(10,561)	549,473	(322,806)	824,888
Taxation	(13,956,711)	-	(12,030,412)	-	-	(1,134,247)	(289,832)	-	-	(175,832)	-	(326,388)
Profit after tax	66,743,198	(2,353,269)	65,054,540	(184,236)	-	2,766,605	676,273	244,511	(10,561)	373,641	(322,806)	498,500

Condensed results of the consolidated entities as at 31 December 2014, are as follows:

Dec-2014

In thousands of Nigerian Naira	**Group balance**	**Elimination Entries**	***GTBank Plc***	***SIT***	***GTB Finance B.V.***	***GT Bank Ghana***	***GT Bank Sierra Leone***	***GT Bank Liberia***	***GT Bank UK***	***GT Bank Gambia***	***GT Bank Cote D'Ivoire***	***GT Bank Kenya***
Condensed financial position												
Assets												
Cash and cash equivalents	246,939,868	(23,990,252)	161,778,647	29,980	-	25,623,215	9,424,019	5,483,177	48,999,881	1,766,819	1,096,172	16,728,210
Loans and advances to banks	5,695,592	-	30,815	-	-	-	-	-	5,664,777	-	-	-
Loans and advances to customers	1,275,681,135	(169,916,483)	1,182,393,874	-	167,517,540	27,610,612	5,440,847	4,793,027	12,019,277	5,460,914	728,199	39,633,328
Financial assets held for trading	9,415,919	-	5,675,545	-	-	-	-	-	-	3,740,374	-	-
Derivative financial assets	529,732	-	529,732	-	-	-	-	-	-	-	-	-
Investment securities:												
– Available for sale	344,701,935	(3,987,574)	317,749,878	3,987,575	-	-	5,729,421	-	6,678,503	-	5,163	14,538,969
– Held to maturity	35,160,640	-	4,511,342	-	-	11,490,198	-	1,680,191	-	-	2,143,932	15,334,977
Investment in subsidiaries	-	(40,130,284)	40,130,284	-	-	-	-	-	-	-	-	-
Assets pledged as collateral	39,179,198	-	39,173,640	-	-	-	-	-	-	-	5,558	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-
Property and equipment	76,236,447	-	68,042,098	-	-	1,496,676	988,910	834,963	482,926	1,148,296	831,662	2,410,916
Intangible assets	12,516,219	8,605,987	2,417,700	-	-	105,759	-	1,800	19,605	14,365	85,235	1,265,768
Deferred tax assets	2,358,280	1,500,048	-	-	-	67,579	6,343	-	317,145	-	-	467,165
Restricted deposits and other assets	307,461,561	(6,704,811)	304,174,757	-	-	1,135,073	200,093	2,007,580	330,235	2,001,611	697,716	3,619,307
Total assets	2,355,876,526	(234,623,369)	2,126,608,312	4,017,555	167,517,540	67,529,112	21,789,633	14,800,738	74,512,349	14,132,379	5,593,637	93,998,640
Financed by:												
Deposits from banks	31,661,622	(22,257,297)	143,713	-	-	3,000,171	-	-	35,167,632	487,436	4,635	15,115,332
Deposits from customers	1,618,208,194	(3,075)	1,439,522,070	-	-	45,822,391	18,100,842	10,075,521	30,106,971	11,613,732	2,532,115	60,437,627
Financial liabilities held for trading	-	-	-	-	-	-	-	-	-	-	-	-
Derivative financial liabilities	253,374	-	253,374	-	-	-	-	-	-	-	-	-
Debt securities issued	167,321,207	-	-	-	166,919,321	-	-	-	-	-	-	401,886
Current income tax liabilities	11,208,907	(1,848,009)	12,657,634	-	-	(6,202)	261,622	-	-	45,680	-	98,182
Deferred tax liabilities	4,391,668	-	3,955,805	-	-	136,437	-	-	-	163,941	-	135,485
Other liabilities	57,200,461	(6,704,812)	47,714,495	8,082,186	-	1,463,975	691,677	1,753,109	384,845	145,035	635,823	3,034,128
Other borrowed funds	91,298,545	(171,646,366)	252,830,895	2,997,162	-	5,231,164	-	-	1,729,883	-	-	155,807
Total liabilities	1,981,543,978	(202,459,559)	1,757,077,986	11,079,348	166,919,321	55,647,936	19,054,141	11,828,630	67,389,331	12,455,824	3,172,573	79,378,447
Equity and reserve	374,332,548	(32,163,810)	369,530,326	(7,061,793)	598,219	11,881,176	2,735,492	2,972,108	7,123,018	1,676,555	2,421,064	14,620,193
	2,355,876,526	(234,623,369)	2,126,608,312	4,017,555	167,517,540	67,529,112	21,789,633	14,800,738	74,512,349	14,132,379	5,593,637	93,998,640

Sep-2014

In thousands of Nigerian Naira	Group balance	Elimination Entries	*GTBank Plc*	*SIT*	*GTB Finance B.V.*	*GT Bank Ghana*	*GT Bank Sierra Leone*	*GT Bank Liberia*	*GT Bank UK*	*GT Bank Gambia*	*GT Bank Cote D'Ivoire*	*GT Bank Kenya*
Condensed cash flow												
Net cash flow:												
- from operating activities	(28,559,625)	13,371,871	(41,069,906)	506,969	(3,022,781)	(10,059,902)	990,829	(853,418)	5,764,868	(694,005)	(225,668)	6,731,518
- from investing activities	59,534,697	397,095	66,960,780	(1,940,861)	-	8,491,977	(2,110,988)	(678,963)	(4,443,926)	(332,543)	(129,584)	(6,678,290)
- from financing activities	(53,616,556)	(10,548,211)	(52,528,927)	1,453,679	3,022,781	3,816,168	53,309	1,146,250	-	-	-	(31,605)
Increase in cash and cash equivalents	(22,641,484)	3,220,755	(26,638,053)	19,787	-	2,248,243	(1,066,850)	(386,131)	1,320,942	(1,026,548)	(355,252)	21,623
Cash balance, beginning of period	307,395,676	(19,374,833)	228,609,551	3,302	-	20,114,972	7,400,886	4,247,033	47,091,221	1,927,935	1,076,295	16,299,314
Effect of exchange difference	(4,925,830)	(508,295)	1,314,960	(182)	-	(5,653,926)	(214,832)	82,384	(117,706)	129,930	(19,316)	61,153
Cash balance, end of period	279,828,362	(16,662,373)	203,286,458	22,907	-	16,709,289	6,119,204	3,943,286	48,294,457	1,031,317	701,727	16,382,090

26 Property and equipment

(a) Group

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress[1]	Total
Cost							
Balance at 1 January 2015	40,057,056	8,904,313	51,109,121	8,378,856	4,228,132	14,541,303	127,218,781
Exchange difference	23,074	30,948	(88,575)	24,333	-	17,428	7,208
Additions	1,342,415	38,236	5,046,732	986,697	60,069	4,788,838	12,262,987
Disposals	243,834	-	(3,734,021)	(1,185,317)	-	-	(4,675,504)
Transfers	710,527	180,250	446,423	190,155	-	(1,527,355)	-
Reclassifications from other assets	-	-	-	-	-	128,988	128,988
Balance at 30 September 2015	42,376,906	9,153,747	52,779,680	8,394,724	4,288,201	17,949,202	134,942,460
Balance at 1 January 2014	34,833,609	8,126,719	42,536,773	7,777,945	4,182,276	13,589,956	111,047,278
Exchange difference	89,074	(44,135)	155,045	(14,510)	-	(19,835)	165,639
Additions	2,313,155	1,428	5,319,483	1,386,818	45,856	5,469,348	14,536,088
Disposals	-	-	(1,774,059)	(1,079,740)	-	26,685	(2,827,114)
Transfers	2,793,979	820,301	4,871,879	308,343	-	(8,794,502)	-
Reclassifications from other assets	-	-	-	-	-	4,296,890	4,296,890
Reclassifications to other assets	27,239	-	-	-	-	(27,239)	-
Balance at 31 December 2014	40,057,056	8,904,313	51,109,121	8,378,856	4,228,132	14,541,303	127,218,781

[1] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Group

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Other transport equipment**	**Capital work-in - progress**	**Total**
Balance at 1 January 2015	7,393,261	615,788	35,124,691	5,215,412	2,633,182	-	50,982,334
Exchange difference	4,953	7,408	(36,889)	18,079	-	-	(6,449)
Charge for the period	1,015,560	83,582	6,145,418	781,729	396,550	-	8,422,839
Disposal	-	-	(3,705,862)	(1,148,321)	-	-	(4,854,183)
Balance at 30 September 2015	8,413,774	706,778	37,527,358	4,866,899	3,029,732	-	54,544,541
Balance at 1 January 2014	5,608,145	511,759	29,649,935	4,845,724	2,125,518	-	42,741,081
Exchange difference	21,545	818	34,242	(36,053)	-	-	20,552
Charge for the period	1,763,571	103,211	7,214,573	1,410,096	507,664	-	10,999,115
Disposal	-	-	(1,774,059)	(1,004,355)	-	-	(2,778,414)
Balance at 31 December 2014	7,393,261	615,788	35,124,691	5,215,412	2,633,182	-	50,982,334
Carrying amounts:							
Balance at 30 September 2015	33,963,132	8,446,969	15,252,322	3,527,825	1,258,469	17,949,202	80,397,919
Balance at 31 December 2014	32,663,795	8,288,525	15,984,430	3,163,444	1,594,950	14,541,303	76,236,447

Property and equipment (continued)

(b) Parent

In thousands of Nigerian Naira	Leasehold improvement and buildings	Land	Furniture & equipment	Motor vehicle	Other transport equipment	Capital work-in - progress[1]	Total
Cost							
Balance at 1 January 2015	35,232,200	8,300,616	44,738,472	7,160,433	4,228,132	13,899,349	113,559,202
Exchange difference	-	-	-	-	-	-	-
Additions	910,081	35,250	2,784,286	765,792	60,069	4,738,134	9,293,612
Disposals	-	-	(2,219,161)	(1,204,396)	-	-	(3,423,557)
Transfers	710,528	180,250	446,423	190,155	-	(1,527,356)	-
Reclassifications from other assets	-	-	-	-	-	128,988	128,988
Balance at 30 September 2015	36,852,809	8,516,116	45,750,020	6,911,984	4,288,201	17,239,115	119,558,245
Balance at 1 January 2014	30,619,466	7,480,315	37,731,140	6,778,445	4,182,276	12,947,373	99,739,015
Exchange difference	-	-	-	-	-	-	-
Additions	1,998,333	-	3,873,763	1,082,626	45,856	5,163,325	12,163,903
Disposals	-	-	(1,631,625)	(1,008,981)	-	-	(2,640,606)
Transfers	2,614,401	820,301	4,765,194	308,343	-	(8,508,239)	-
Reclassifications from other assets	-	-	-	-	-	4,296,890	4,296,890
Balance at 31 December 2014	35,232,200	8,300,616	44,738,472	7,160,433	4,228,132	13,899,349	113,559,202

[1] Capital work in progess refers to capital expenditure incurred on items of Property, Plant and Equipment which are however not ready for use and as such are not being depreciated.

Property and equipment (continued)

Parent

Depreciation *In thousands of Nigerian Naira*	**Leasehold improvement and buildings**	**Land**	**Furniture & equipment**	**Motor vehicle**	**Other transport equipment**	**Capital work-in - progress**	**Total**
Balance at 1 January 2015	6,389,345	545,428	31,369,167	4,579,982	2,633,182	-	45,517,104
Exchange difference	-	-	-	-	-	-	-
Charge for the period	1,083,807	83,493	4,823,948	877,263	396,550	-	7,265,061
Disposal	-	-	(2,211,920)	(1,145,592)	-	-	(3,357,512)
Balance at 30 September 2015	7,473,152	628,921	33,981,195	4,311,653	3,029,732	-	49,424,653
Balance at 1 January 2014	4,839,268	441,695	26,585,393	4,327,458	2,125,518	-	38,319,332
Exchange difference	-	-	-	-	-	-	-
Charge for the period	1,550,077	103,733	6,415,375	1,197,161	507,664	-	9,774,010
Disposal	-	-	(1,631,601)	(944,637)	-	-	(2,576,238)
Balance at 31 December 2014	6,389,345		31,369,167	4,579,982	2,633,182	-	45,517,104
Carrying amounts:							
Balance at 30 September 2015	29,379,657	7,887,195	11,768,825	2,600,331	1,258,469	17,239,115	70,133,592
Balance at 31 December 2014	28,842,855	7,755,188	13,369,305	2,580,451	1,594,950	13,899,349	68,042,098

27 Intangible assets

(a) Group

In thousands of Nigerian Naira	Goodwill	Purchased Software	Total
Cost			
Balance at 1 January 2015	8,650,704	10,035,233	18,685,937
Exchange translation differences	(3,526)	(118,002)	(121,528)
Additions	-	1,087,725	1,087,725
Disposals	-	(2,082,289)	(2,082,289)
Balance at 30 September 2015	8,647,178	8,922,667	17,569,845
Balance at 1 January 2014	8,646,631	7,529,614	16,176,245
Exchange translation differences	4,073	24,792	28,865
Additions	-	2,480,827	2,480,827
Balance at 31 December 2014	8,650,704	10,035,233	18,685,937
Amortization and impairment losses			
Balance at 1 January 2015	-	6,169,718	6,169,718
Exchange translation differences	-	(40,563)	(40,563)
Amortization for the period	-	729,016	729,016
Disposals	-	(2,082,288)	(2,082,288)
Balance at 30 September 2015	-	4,775,883	4,775,883
Balance at 1 January 2014	-	4,961,971	4,961,971
Exchange translation differences	-	55,207	55,207
Amortization for the period	-	1,152,540	1,152,540
Balance at 31 December 2014	-	6,169,718	6,169,718
Carrying amounts		281,269	
Balance at 30 September 2015	8,647,178	4,146,784	12,793,962
Balance at 31 December 2014	8,650,704	3,865,515	12,516,219

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. There was no impairment identified in the period ended September 2015 (2014: nil).

(b) Parent

In thousands of Nigerian Naira	**Purchased Software**
Cost	
Balance at 1 January 2015	7,616,867
Additions	649,124
Disposals	(1,894,180)
Balance at 30 September 2015	6,371,811
Balance at 1 January 2014	6,639,769
Additions	977,097
Balance at 31 December 2014	7,616,866
Amortization and impairment losses	
Balance at 1 January 2015	5,199,167
Amortization for the period	690,064
Disposals	(1,894,179)
Balance at 30 September 2015	3,995,052
Balance at 1 January 2014	4,383,001
Amortization for the period	816,165
Balance at 31 December 2014	5,199,166
Carrying amounts	
Balance at 30 September 2015	2,376,759
Balance at 31 December 2014	2,417,700

28 Restricted deposits and other assets

In thousands of Nigerian Naira	**Group Sep-2015**	**Group Dec-2014**	**Parent Sep-2015**	**Parent Dec-2014**
Prepayments	21,898,568	16,267,107	15,885,783	10,327,710
Foreign Banks - Cash Collateral	6,089,234	24,843,035	6,040,712	31,406,543
Restricted deposits with central banks	363,728,589	261,009,876	355,697,820	257,098,961
Recognised assets for defined benefit obligations (See note 34)	5,647,099	5,647,099	5,647,099	5,647,099
	397,363,490	**307,767,117**	**383,271,414**	**304,480,313**
Impairment on other assets (See note 28(b) below)	(305,556)	(305,556)	(305,556)	(305,556)
	397,057,934	307,461,561	382,965,858	304,174,757

(b) Movement in impairment of other assets:

In thousands of Nigerian Naira	**Group Sep-2015**	**Group Dec-2014**	**Parent Sep-2015**	**Parent Dec-2014**
Opening Balance	305,556	305,556	305,556	305,556
Charge for the period	-	-	-	-
Recoveries	-	-	-	-
Write off	-	-	-	-
Closing Balance	305,556	305,556	305,556	305,556

Impairment of assets relates to Prepayments

29 **Deposits from banks**

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Money market deposits	12,527,082	17,929,547	-	139
Other deposits from banks	21,074,336	13,732,075	114,257	143,574
	33,601,418	31,661,622	114,257	143,713

30 **Deposits from customers**

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Term deposits	443,726,006	437,159,631	400,130,754	384,978,052
Current deposits	842,785,494	901,497,124	740,145,718	807,833,096
Savings	314,063,930	279,551,439	274,178,207	246,710,922
	1,600,575,430	1,618,208,194	1,414,454,679	1,439,522,070

31 **Financial liabilities held for trading**

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Bond short positions	496,221	-	496,221	-
Treasury bills short positions	1,268,231	-	1,268,231	-
	1,764,452	-	1,764,452	-

32 **Debt securities issued**

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Debt securities at amortized cost:				
Eurobond debt security	182,521,992	166,919,321	-	-
Corporate bonds	367,884	401,886	-	-
	182,889,876	167,321,207	-	-

33 Other liabilities

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Cash settled share based payment liability	8,680,767	8,082,186	-	-
Liability for defined contribution obligations (Note 33(a))	12,768	53,824	-	-
Deferred income on financial guarantee contracts	79,304	93,907	45,733	65,785
Certified cheques	10,314,316	8,353,368	8,129,002	7,016,047
Lease obligation (Note 33(b))	2,118,342	2,528,236	2,118,342	2,528,236
Customers' deposit for foreign trade	6,440,329	24,843,092	6,330,268	31,406,600
Other current liabilities[1]	24,862,652	13,034,335	17,528,971	6,493,752
Deposit for shares	8,407,404	211,513	8,406,553	204,075
	60,915,882	57,200,461	42,558,869	47,714,495

[1] Included in the Other current liabilities is committed fund in the sum of N28bn

(a) The Bank and its employees each contribute a minimum of 10% and 8% respectively of basic salary, housing and transport allowance to each employee's retirement savings account maintained with their nominal pension fund administrators.

(b) The lease obligation relates to other transportation equipment held under a finance lease arrangement. The net carrying amount of the assets, included within property, plant and equipment is N1,258,469,000 (December 2014: N1,594,950,000)

The lease agreement includes fixed lease payments and a purchase option at the end of the 10 year lease term. The agreement is non-cancellable but does not contain any further restrictions. No contingent rents were recognised as an expense in the period (December 2014:Nil)

34 Defined benefit obligations

The Bank operates a non-contributory, funded lump sum defined benefit gratuity scheme. Employees are automatically admitted into the scheme after completing 10 consecutive years of service with the Bank. Employees' terminal benefits are calculated based on number of years of continuous service, limited to a maximum of 10 years.

(a) The amounts recognised in the statement of financial position are as follows:

In thousands of Nigerian Naira	**Group Sep-2015**	**Group Dec-2014**	**Parent Sep-2015**	**Parent Dec-2014**
Unfunded obligations	-	-	-	-
Present value of funded obligations	(2,300,259)	(2,300,259)	(2,300,259)	(2,300,259)
Total present value of defined benefit obligations	(2,300,259)	(2,300,259)	(2,300,259)	(2,300,259)
Fair value of plan assets	7,947,358	7,947,358	7,947,358	7,947,358
Present value of net asset/(obligations)	5,647,099	5,647,099	5,647,099	5,647,099
Unrecognized actuarial gains and losses	-	-	-	-
Recognized asset/(liability) for defined benefit obligations	5,647,099	5,647,099	5,647,099	5,647,099

The bank's surplus in defined benefit plan is the same as figure determined using asset ceiling.

The bank has a right to surplus on its plan assets. There are no unrecognised actuarial gains and losses.

(b) Movement in the present value of defined benefit obligations:

In thousands of Nigerian Naira	**Group Sep-2015**	**Group Dec-2014**	**Parent Sep-2015**	**Parent Dec-2014**
(Deficit)/surplus on defined benefit obligations, beginning of period	5,647,099	5,779,442	5,647,099	5,779,442
Net (Expense) / Income recognised in Profit and Loss	-	608,525	-	608,525
Re-measurements recognised in Other Comprehensive Income	-	(796,000)	-	(796,000)
Contributions paid	-	55,132	-	55,132
(Deficit)/surplus for defined benefit obligations, end of period	5,647,099	5,647,099	5,647,099	5,647,099

(c) Plan assets consist of the following:

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Equity securities:				
- Quoted	2,439,658	2,439,658	2,439,658	2,439,658
- Unquoted	-	-	-	-
Government securities				
- Quoted	-	-	-	-
- Unquoted	225,376	225,376	225,376	225,376
Offshore investments				
- Quoted	1,411,734	1,411,734	1,411,734	1,411,734
- Unquoted	-	-	-	-
Cash and bank balances				
- Quoted	-	-	-	-
- Unquoted	3,870,590	3,870,590	3,870,590	3,870,590
	7,947,358	7,947,358	7,947,358	7,947,358

Group

In thousands of Nigerian Naira	Sep-2015		Dec-2014	
Equity securities	2,439,658	30%	2,439,658	30%
Government securities	225,376	3%	225,376	3%
Offshore investments	1,411,734	18%	1,411,734	18%
Cash and bank balances	3,870,590	49%	3,870,590	49%
	7,947,358	100%	7,947,358	100%

Parent

In thousands of Nigerian Naira	Sep-2015		Dec-2014	
Equity securities	2,439,658	30%	2,439,658	30%
Government securities	225,376	3%	225,376	3%
Offshore investments	1,411,734	18%	1,411,734	18%
Cash and bank balances	3,870,590	49%	3,870,590	49%
	7,947,358	100%	7,947,358	100%

The defined benefit plan assets are under the management of custodians - Crusader Sterling Pension Limited

(d) Movement in plan assets:

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Fair value of plan assets, beginning of the period	7,947,358	7,560,108	7,947,358	7,560,108
Contributions paid into/(withdrawn from) the plan	-	55,132	-	55,132
Benefits paid by the plan	-	(55,132)	-	(55,132)
Actuarial gain/(loss)	-	(595,564)	-	(595,564)
Expected return on plan assets	-	982,814	-	982,814
Fair value of plan assets, end of the period	7,947,358	7,947,358	7,947,358	7,947,358

Actual return on plan asset is made up of expected return on plan assets and actuarial gains / losses

(e) Movement in present value of obligations:

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Present value of obligation, beginning of the period	2,300,259	1,780,666	2,300,259	1,780,666
Interest cost	-	244,744	-	244,744
Current service cost	-	129,545	-	129,545
Past service cost - non-vested benefits	-	-	-	-
Past service cost - vested benefits	-	-	-	-
Benefits paid	-	(55,132)	-	(55,132)
Actuarial (gain)/loss on obligation	-	200,436	-	200,436
Present value of obligation at end of the period	2,300,259	2,300,259	2,300,259	2,300,259

(f) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2015	2014
Discount rate	14.90%	14.90%
Salary increase rate	10%	10%
Inflation	8%	8%
Retirement age for both male and female	60 years	60 years
Withdrawal Rate: 18 – 29	4.5%	4.5%
Withdrawal Rate: 30 – 44	6.0%	6.0%
Withdrawal Rate: 45 – 50	5.0%	5.0%
Withdrawal Rate: 51	4.5%	4.5%
Withdrawal Rate: 52	4.0%	4.0%
Withdrawal Rate: 53	3.5%	3.5%
Withdrawal Rate: 54	3.0%	3.0%
Withdrawal Rate: 55	2.5%	2.5%
Withdrawal Rate: 56	2.0%	2.0%
Withdrawal Rate: 57	1.5%	1.5%
Withdrawal Rate: 58	1.0%	1.0%
Withdrawal Rate: 59	0.5%	0.5%
Withdrawal Rate: 60	100.0%	100.0%

Assumptions regarding future mortality before retirement are based on A49/52 ultimate table published by the Institute of Actuaries of United Kingdom.

The overall expected long-term rate of return on assets is 14%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based entirely on current market yields on Nigerian Government Bonds. The component of the rate of remuneration increase based on seniority and promotion is an average of 2% per annum. The inflation component has been worked out at 10% per annum.

For members in active service as at the valuation date, the projected unit credit method of valuation as required under the IFRS has been adopted.

(g) Defined Benefit Risk Management

The Group's exposure to risks through its defined benefit plan is mitigated through a number of strategies. Most important of them is the asset-liability matching strategy. Thus, fluctuations in macro-economic variables have minimal impact on its exposure to the plan.

Over the years, the Group not only ensures that it has sufficient plan assets to fund its defined benefit obligation but also adopts a robust strategy that ensures that the macro-economic variables affecting the obligations are similar to those of the plan assets. The significant risks inherent in the Group's defined benefit plan are detailed below:

Asset volatility

Post employment benefit obligations are calculated using a discount rate determined with reference to market yields on high quality bonds. The Group ensures that the plan assets do not underperform this yield. This is achieved through maintaining an efficient portfolio of investments in plan assets significantly made up of high quality equities and government securities. Consequently, the yield on the Group's plan assets has consistently outperformed interest cost on plan obligations. The Group also ensures that as tenured investments in plan assets mature, they are replaced with top quality investments which better match the liabilities.

Overall, the Group's defined benefit investment strategy aims at reducing investment risks while maintaining the right mix of investments in high quality equities, debt and near cash instruments void of impairment threats. The choice of investment in equities stems from the long term nature of the Group's defined benefit plan and expected maturity of the plan's liabilities.

Changes in bond yields

The rate used to discount post-employment benefit obligations is determined with reference to market yields at the balance sheet date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds are used. The Group is of the opinion that there is no deep market in Corporate Bonds in Nigeria and as such assumptions underlying the determination of discount rate are referenced to the yield on Nigerian Government bonds of medium duration, as compiled by the Debt Management Organisation. A decrease in Nigerian Government Bond yields will increase the plan's liabilities. However, this growth is offset by an increase in the value of the plan assets.

Inflation risk

We believe this is less a material risk given the accretion to the Group's plan assets arising from continuous contribution to the plan and improved yield. Growth in inflation, all other things being equal, should lead to increased basic salaries (which is an important determinant of the Group's defined benefit liability) and consequently higher plan liabilities. This growth in liabilities should be offset with increased plan assets.

35 Other borrowed funds

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
			56,298	
Due to IFC	62,998,587	26,689,891	61,338,988	26,534,084
Due to ADB	8,776,991	11,656,689	8,776,991	11,656,689
Due to FMO	3,518,383	5,231,164	-	-
Due to BOI	48,746,882	40,916,461	48,746,882	40,916,461
Due to GTBV	-	-	182,521,992	166,919,321
Due to CACS	12,884,016	3,693,901	12,884,016	3,693,901
Due to Proparco	12,593,842	3,110,439	11,200,492	3,110,439
MSME Development Fund	248,000	-	248,000	-
Bail-Out Fund	13,460,578	-	13,460,578	-
	163,227,279	91,298,545	339,177,939	252,830,895

36 Capital and reserves

Share capital

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at meetings of the Group. All ordinary shares and GDR shares rank pari-passu with the same rights and benefits at meetings of the Group.

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
(a) Authorised -				
50,000,000,000 ordinary shares of 50k each				
(31 December 2014: 50,000,000,000 of 50k each)	25,000,000	25,000,000	25,000,000	25,000,000

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
(b) Issued and fully paid:				
29,431,179,224 ordinary shares of 50 kobo each (31 December 2014: 29,431,179,224 ordinary shares of 50k each)	14,715,590	14,715,590	14,715,590	14,715,590

The movement on the issued and fully paid-up share capital account during the year was as follows:

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Balance, beginning of period	14,715,590	14,715,590	14,715,590	14,715,590
Increase in the period	-	-	-	-
Bonus shares capitalized	-	-	-	-
Balance, end of period	14,715,590	14,715,590	14,715,590	14,715,590

Share capital

	Number of shares (thousands)	Ordinary shares	Share premium	Treasury shares
At January 2014	29,431,180	14,715,590	123,471,114	(2,046,714)
Proceeds from shares issued	-	-	-	-
Bonus capitalised	-	-	-	-
(Purchases)/sales of treasury shares	-	-	-	(1,940,861)
At 31 December 2014/1 January 2015	**29,431,180**	**14,715,590**	**123,471,114**	**(3,987,575)**
Bonus capitalised	-	-	-	-
Proceeds from shares issued	-	-	-	-
(Purchases)/sales of treasury shares	-	-	-	(343,657)
At 30 September 2015	**29,431,180**	**14,715,590**	**123,471,114**	**(4,331,232)**

(c) **Non-controlling interest**

The entities accounting for the non-controlling interest balance is shown below:

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
GTB (Gambia) Limited	560,248	372,605	-	-
GTB (Sierra Leone) Limited	593,910	438,790	-	-
GTB (Ghana) Limited	580,248	607,503	-	-
GTB Liberia	25,626	16,290	-	-
GTB Kenya Limited	4,427,236	4,244,134	-	-
	6,187,268	5,679,322	-	-

37 Dividends

The following dividends were declared and paid by the Group during the period ended:

In thousands of Nigerian Naira	Group Sep-2015	Group Dec-2014	Parent Sep-2015	Parent Dec-2014
Balance, beginning of period	-	-	-	-
Final dividend declared	44,146,766	42,675,209	44,146,766	42,675,209
Interim dividend declared	7,357,795	7,357,795	7,357,795	7,357,795
Payment during the period	(51,504,561)	(50,033,004)	(51,504,561)	(50,033,004)
Balance, end of period	-	-	-	-

38 Leasing

As lessor

The Group acts as lessee under operating and finance leases, providing financing for its customers and leasing assets for their own use. In addition, assets leased by the Group may be sublet to other parties. Details of finance lease commitments have been included in other liabilities. The Group had nil balance for the period ended 30th September 2015 and comparative period.

As lessee

Operating lease commitments

The Group leases offices, branches and other premises under operating lease arrangements. The leases have various terms and renewal rights. The lease rentals are paid in advance and recognised on straight line basis over the lease period. The outstanding balance is accounted for as prepaid lease rentals. There are no contingent rents payable.

39 Contingencies

Contingent liabilities and commitments

In common with other banks, the Group conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The Group expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted. Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transaction related customs and performances bond and are, generally, commitments to third parties which are not directly dependent on the customer's creditworthiness. Documentary credits commit the Group to make payments to third parties, are on production of documents, which usually reimbursed immediately by customers. The following tables summarise the nominal principal amount of contingent liabilities and commitments with off-financial position risk.

Acceptances, bonds, guarantees and other obligations for the account of customers:

a. These comprise:

In thousands of Nigerian Naira	**Group Sep-2015**	**Group Dec-2014**	**Parent Sep-2015**	**Parent Dec-2014**
Contingent liabilities:				
Acceptances and guaranteed commercial papers	-	-	-	-
Transaction related bonds and guarantees	445,224,452	497,857,280	445,000,090	483,566,238
	445,224,452	497,857,280	445,000,090	483,566,238
Commitments:				
Short term foreign currency related transactions	-	23,086,579	-	20,103,363
Clean line facilities and letters of credit	91,651,486	153,494,479	81,630,979	145,470,036
Other commitments	7,473,064	8,485,425	-	-
	99,124,550	185,066,483	81,630,979	165,573,399

Key Financials (N' billion)	Sep-15	Sep-14	Δ%
Net Interest Income	120.1	105.3	14%
Non Interest Income	56.4	51.1	10%
Operating Income	165.9	148.8	11%
Operating expense	73.8	68.1	8%
Profit before tax	92.1	80.7	14%
Profit after tax	75.2	66.7	13%
Total Assets	2,458.45	2,235.23	10%
Loans and Advances (Net)	1,281.66	1,161.52	10%
Total Deposits	1,634.18	1,578.15	4%

Key Ratios	Sep-15	Sep-14
ROE (Post tax)	25.86%	26.37%
ROA (Post tax)	4.16%	4.10%
Net interest margin	8.22%	8.21%
Cost-to-income ratio	44.51%	45.78%
Loans to deposits	80.07%	73.60%
Liquidity ratio	43.95%	42.96%
Capital adequacy ratio	20.76%	18.36%
NPL/Total Loans	3.16%	3.25%
Cost of risk	0.65%	0.77%
Coverage (with Reg. Risk Reserves)	141.19%	120.84%